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ROYAL COMMISSION

CONCERNING

PURCHASE OF WAR SUPPLIES

AND

SALE OF SMALL ARMS AMMUNITION

EVIDENCE—VOL. III

COMMISSIONER:

The Honourable Sir CHARLES DAVIDSON, Knight.



OTTAWA

PRINTED BY J. DE L. TACHÉ,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY

1917

Per Set—Two Dollars.

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ROYAL COMMISSION.

OTTAWA, Monday, January 3, 1916.

The Royal Commission appointed to inquire into the purchase by and on behalf of the Government of the Dominion of Canada, of Arms, Munitions, Implements, Materials, Horses, supplies and other things for the purposes of the present war, and as to the expenditures and payments made or agreed to be made therefor, met this afternoon, Monday, January 3, 1916, in Room No. 101 of the House of Commons, Ottawa, at 2 o'clock.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,
As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,
Clerk of the Commission.

At the sitting of the Commission.

MR. THOMPSON, K.C.: The auditor general is not here, sir, but I might proceed in the meantime with the examination of Mr. Allison.

J. WESLEY ALLISON, Morrisburg, Ontario, sworn:

MR. THOMPSON: The information, sir, in this matter is that Mr. Allison sold a number of revolvers or pistols to the Department of Militia and Defence, and the question raised by Mr. Fraser was as to the price.

SIR CHARLES DAVIDSON: That is the auditor general, Mr. Fraser?

MR. THOMPSON: Yes, sir.

SIR CHARLES DAVIDSON: Did you notify the auditor general of the meeting of the Commission to-day?

MR. THOMPSON: No sir, he was here the last day the Commission sat.

SIR CHARLES DAVIDSON: Perhaps it has escaped his memory.

MR. THOMPSON: I telephoned to his office at five minutes to two o'clock.

(Subsequently, after Mr. Allison had concluded, the auditor general was present).

Mr. Allison examined by Mr. Thompson, K.C.:

Q. Did you sell any revolvers to the Canadian Government?—A. No, sir.

Q. Or pistols?—A. No, sir.

Q. Were you the agent of any person who sold revolvers or pistols to the Canadian Government?—A. No.

Q. Or are you the agent of any company who sold any revolvers or pistols to the Canadian Government?—A. No.

Q. Did you profit by way of commission on any revolvers or pistols that were sold to the Canadian Government or to the Department of Militia and Defence?—A. No, sir.

Q. Not in any way?—A. No.

Q. Neither directly nor indirectly?—A. No.

Q. While I am on this I might clean up another point—did you sell any clothing to the Militia Department for Canada?—A. No.

Q. Are you interested, as partner, with any person who sold any clothing to the Canadian Government?—A. No sir, I never had anything to do with the sale of clothing.

Q. To the Canadian Government?—A. No, sir.

Q. Not at any time?—A. Not at any time.

Q. Neither directly nor indirectly?—A. Neither directly nor indirectly.

Q. Did you receive any commission on any clothing sold to the Militia Department of the Canadian Government?—A. None whatever.

Sir CHARLES DAVIDSON: Was there a memorandum with respect to this?

Mr. THOMPSON: Yes, sir, that is the information; I have asked the witness with reference to the information coming to me.

General Sir SAM HUGHES: I want to see that memorandum, your lordship.

Mr. THOMPSON: I have not got it here.

Sir CHARLES DAVIDSON: I have a vague recollection of having seen one. (To Mr. Allison): Will you be in town for a day or two, Mr. Allison?

Mr. ALLISON: I do not know, I have been very unwell and came out of a sick-bed to be present here.

Sir CHARLES DAVIDSON: Perhaps you could wait a little while until Mr. auditor general is present, so that we may see if he desires to ask anything further. It is evident that you are in quite a weak condition, Mr. Allison.

Mr. ALLISON: Yes, sir, I have been quite ill.

Mr. THOMPSON: I may say, Mr. Commissioner, that there is no evidence that Mr. Allison actually sold any clothing or equipment to the Militia Department. My information was that he had some clothing and equipment in his possession at Morrisburg, and the suggestion was that this had been sold to the Canadian Government, but he tells us that neither he nor any partner of his is associated in any way with the sale of clothing to the Canadian Government.

Sir CHARLES DAVIDSON: That should dispose of the matter in the meantime.

Mr. THOMPSON: Major-General Hughes says that he perhaps might be able to supplement Mr. Allison's testimony. Sir Sam, Hughes' statement may throw some light on that transaction, and it may help to show how the misconception arose.

The witness retired for the present.

Major General, the Honourable Sir SAM HUGHES, Minister of Militia and Defence for Canada, affirmed.

It was directed, by the Commissioner that such parts of the evidence of Major-General Sir Sam Hughes as referred to matters of national defence, should be considered to be taken in camera, and the representatives of the newspapers present were asked to so treat it.

Sir SAM HUGHES: At the outbreak of the war, the British Government had contracted for a great deal of material in the United States, but they did not take that out through the port of New York because at that time the contraband law was in force. This material was regarded as contraband. We were requested by the British Government to facilitate matters, and I immediately communicated with Colonel

[Ottawa, Revolvers and Pistols—Hughes.]

Allison, who has been my confidential friend for a great many years, and he undertook at once to make some arrangement. I know that the arrangement was successfully made and the object we had in view carried out, but by what means it was done, or how it was done, I am not at liberty to state. At all events, by an arrangement between the Canadian Government and the American railroads, facilities were provided by which the material should be shipped from Montreal and Quebec, and Valcartier, and so on. In that way, we brought in millions of rounds of British ammunition, and millions of commodities of British material. Colonel Allison made an arrangement with the railway companies, so that the goods would be sent to certain points in the United States and that the cars would not be unloaded, but that they would be re-billed from these points in bond through to our Canadian ports. Later on, arrangements were made so that the goods should be shipped direct from New York. I had the privilege of telling the British Government then that the materials were being shipped from New York, a fact which they did not know until that time.

Sir CHARLES DAVIDSON: You mean, they did not know the material originated at New York?

Sir SAM HUGHES: They did not know that their own material was going out by New York at all, they thought it was still coming by Canada. It, in the beginning, used to be brought across in boats, by arrangement with the Customs Department, and it was brought right through in bond by train, and sometimes whole trainloads of stuff were shipped from Canadian ports. Then, by reason of arrangements made by Colonel Allison, the materials were shipped direct from the port of New York.

Colonel Allison has rendered valuable services to the Canadian and British Governments in that way, and so far as my knowledge goes, neither directly nor indirectly has he ever profited to the extent of one farthing from the Dominion of Canada. Again, Colonel Allison has, in many instances, reduced the price of materials to us. I might mention one instance in the case of ammunition. The lowest price at which any firm in the United States sold rifle ammunition was \$37.50 a thousand, Mark VII ammunition, for the British Government.

Sir CHARLES DAVIDSON: What quantities?

Sir SAM HUGHES: Millions upon millions. Colonel Allison, through certain officers of the United States, whom I am not at liberty to mention here because they are officials of the Government, made an arrangement by which we got the price down to \$33, or a saving of \$4.50 on every thousand rounds, and no ammunition was sold as low as that since the war, or long before it, for that matter. I may say that the British Government, and the Canadian Government as well, are in every sense under a deep obligation to Colonel Allison for his services. He never charged one cent yet for the transfer of thousands, and tens of thousands of dollars worth of stuff across the river. I do not know how he did it, but I know that it was done, and he has never rendered his bill yet, so that anything he has done has been a labour of love. I know, as a matter of fact, that the prices at which we get our goods in the United States are lower than the Americans get their goods at.

As to the machine guns, our prices are fifty dollars lower than the prices to the United States Government or the British Government. The Canadian Government gets these guns, I understand, at fifty dollars lower than the British or any Government can get them for. It is simply due to Colonel Allison's intervention that we are enabled to get these at the lowest figure.

Mr. THOMPSON: Do you know if that would apply to revolvers or pistols?

Sir SAM HUGHES: He had nothing to do with pistols. The deal was made through American officers, or friends—perhaps I should not use the term “friends”—but, at all events, he had nothing to do with the pistols in any sense whatever. Mr. Cochrane, who is a wholesale dealer, complimented me on the prices we obtained the pistols at, and he told me it was lower than the ordinary price.

This concluded the statement of the witness.

JOHN FRASER, I.S.O., auditor general for the Dominion of Canada, already sworn:

Mr. THOMPSON: What pistols were purchased by the Department of Militia and Defence?

Mr. FRASER: Colt automatic.

Mr. THOMPSON: What is the retail price in Canada of the Colt "automatic" pistols?

Mr. FRASER: I have forgotten, but it is somewhere about \$26 or \$27.

Mr. THOMPSON: These are the revolvers, I think. Speaking from recollection, the Colt revolver is \$25; although I may be in error. However, that is my impression.

Mr. FRASER: My information as to the wholesale price was that it was \$18.50 with trade discount—ten and five; and two and a half, for cash. We paid \$18.50 net. I know they were selling them to the New York State Government for about \$14.

Mr. THOMPSON: Was it the same pistol?

Mr. FRASER: The same pistol.

Mr. THOMPSON: The same make of pistol?

Mr. FRASER: Yes.

Mr. THOMPSON: That is the Colt automatic?

Mr. FRASER: The Colt automatic.

Mr. THOMPSON: Do you know if that was a new model?

Mr. FRASER: I cannot give you the description now, but the description in the vouchers and the description of those sold to the New York State Government is the same.

Mr. THOMPSON: Do you know if these prices were actually paid or was that information supplied to you third-hand?

Mr. FRASER: Do you mean to the New York State Government?

Mr. THOMPSON: Yes.

Mr. FRASER: I had it from one of their own documents.

Mr. THOMPSON: That is one of the company's documents?

Mr. FRASER: No, one of the documents of the New York State Government.

Mr. THOMPSON: It was an official publication?

Mr. FRASER: Yes, it was a price list for their men, in which they stated that they supplied them at a slight advance on cost.

Sir CHARLES DAVIDSON: You might produce that.

Mr. FRASER: I have not got it now, but possibly I may be able to get it again.

Sir CHARLES DAVIDSON: It would be advisable to get it for us.

Mr. FRASER: I may not be able to get it.

Sir CHARLES DAVIDSON: How long would it take you to get it?

Mr. FRASER: I do not know; I may have difficulty in getting it again, but I am not sure as to that.

Sir CHARLES DAVIDSON: Can you get a copy of it?

Mr. FRASER: Perhaps, I am not certain until I try.

Sir CHARLES DAVIDSON: Have you the vouchers for the Canadian purchases?

Mr. FRASER: Yes.

Sir CHARLES DAVIDSON: You might produce them to-morrow?

Mr. FRASER: I shall.

Mr. THOMPSON: Did the New York documents, to which you have referred, state how many magazines were supplied with each pistol?

Mr. FRASER: I think so, but I forget whether it was one or two.

[Ottawa, Revolvers and Pistols—Auditor General.]

Mr. THOMPSON: And how many were supplied with the Canadian pistol?

Mr. FRASER: I do not recollect, I will have to look at the vouchers for that.

Sir CHARLES DAVIDSON: You might bring them to-morrow morning, and in the meantime you might secure a copy of this New York State document, if you can. It might be well to have it, so that we may contrast the prices and the pistols.

Mr. FRASER: If it is in Ottawa, I will try and get it.

Mr. THOMPSON: It may be important to know the number of magazines supplied with each pistol; they are comparatively expensive, I understand?

Mr. FRASER: I have a letter from Colt's stating that they did not supply these at the same rate as to the American Government or to the New York State Government, because they had developed a pistol especially with a view to creating large orders from the New York State Government or from the American Government, I forget which, and that they did not give us the same price as they gave them.

Sir CHARLES DAVIDSON: You might bring that letter also.

Mr. FRASER: Yes, that is on file in the Militia Department.

Sir CHARLES DAVIDSON: You might bring anything you have in connection with this.

Mr. FRASER: I might state that I was not aware that a meeting of the Commission would be held this afternoon, and on my return to my office after luncheon, being notified, I tried to get the correspondence and the papers, but, unfortunately, the man in charge is laid up with grippe like so many other people in Ottawa, and I had to give the matter in charge to another official who did not know where to look for these papers. However, I will have them here in the morning.

Sir CHARLES DAVIDSON: Then, we will hear you at eleven o'clock in the morning.

The witness retired.

CLIFTON H. CARLISLE, manager of the Goodyear Tire and Rubber Company of Canada, of the City of Toronto, sworn:

Mr. THOMPSON: You will recollect, sir, that there was some question about the tires on motor trucks, and in his evidence Mr. Russell spoke about the fluctuation in the rubber market, accounting for the variation in the price of tires. I will examine Mr. Carlisle as to the price of rubber.

By Mr. Thompson, K.C.:

Q. Can you tell me the price of rubber from August, 1914, down to March, 1915? First, give me the New York quotations, and then give me the price which your company paid for rubber, because that may be a matter of importance?—A. I have with me the New York quotations and also the quotations on the London market, covering that period. I keep the rubber prices from year to year, and have a record of New York prices from 1910 to the present time. I can give you these prices as I have them here.

Q. What variation do you find in the prices of rubber between the dates I have mentioned?—A. On August 10, 1914, the question for first latex crepe, delivered in Canada, shipped from London, was 53 cents per pound. The highest price during the month was 63½ cents, which was the price quoted on August 20, 1914.

Q. Can you give them in tabulated form?—A. Yes.

Date.	Rubben.	Low.	High.
Aug. 10, 1914—Latex crepe.		53	63½
Aug. 1914—Smoked sheets.		53	64½
Sept. 1914—Latex crepe.		52	57
Sept. 1914—Smoked sheets.		55	60½
Oct. 1914—Latex crepe.		54	60

[Ottawa, Motor Trucks—Carlisle.]

Oct.	1914—Smoked sheets.	58	61½
Nov.	1914—Latex crepe.	58	61
Nov.	1914—Smoked sheets.	63	67½
Dec.	1914—Latex crepe.	51	56
Dec.	1914—Smoked sheets.	58	61½
Jan.	1915—Latex crepe.	52	57
Jan.	1915—Smoked sheets.	59	61½
Feb.	1915—Latex crepe.	55	59½
Feb.	1915—Smoked sheets.	59	61½
March	1915—Latex crepe.	59	60½
March	1915—Smoked sheets.	61	62

Q. Are these different kinds of rubber used in making tires?—A. Smoked sheets is one of the standard rubbers. Crepe, latex crepe and smoked sheets are known as two standard rubbers, and perhaps you might include Para.

Q. Are these London prices or New York prices?—A. These are prices quoted by Johnson & Company of New York for rubber to be shipped from London, and these are the laid-down prices in Canada.

Sir CHARLES DAVIDSON: Would these prices indicate a staple or an unstaple market throughout these months?

The WITNESS: It is about as staple as the market usually runs. The conditions of the New York market at that time was different. The most of the rubber that is bought in New York is bought through brokers for shipment, either from the far East or from London. When the war broke out it was understood there would be an embargo placed against rubber, and prices in New York advanced very materially beginning about August 6 and continuing to along about the 20th of the same month. The price in New York rose on first latex crepe to \$1.10 per pound in August.

By Mr. Thompson, K.C.:

Q. At that time in August, when it was selling at \$1.10 a pound on the New York market, what did you contract for rubber at in New York?—A. I only made two purchases of rubber in August. One was from Alexander McPherson & Company of Toronto for shipment from London, and that price was 56½ cents for first latex. This rubber was bought on the 29th of August, and on that day in New York the market was 63 cents. My other purchase was from Johnston & Company of New York, on August 25, 1915, at 60½ cents for first latex, and the New York price was 75 cents.

Sir CHARLES DAVIDSON: Is this for information, Mr. Thompson, do you purpose establishing some fact or principle in connection with it?

Mr. THOMPSON: My attention was called to the statement made by Mr. Russell that the price of tires was contingent on the increased price of rubber. My attention was called to the fact that any fluctuation in the price of rubber did not cause any fluctuation in the price of tires.

Sir CHARLES DAVIDSON: These tires were all bought in Canada?

Mr. THOMPSON: These were all bought in Canada; this is a Canadian company.

Sir CHARLES DAVIDSON: Yes, but Russell secured them in Canada because he brought the trucks over here without tires.

Mr. THOMPSON: Yes, but I am speaking in this evidence as to the price; perhaps Mr. Carlisle might clear that up by explaining the state of the New York rubber market and how extensive it is. The reason I am bringing out this evidence is because there appears to be an inconsistency between the price stated by Mr. Carlisle to be paid by him and the price quoted in the New York market. I understand from him that there is practically no rubber market of any size in New York, and that all the American companies buy in London, which is the market for the world.

Mr. THOMPSON (To the witness): Is that statement correct?

The WITNESS: That is right. The rubber that is traded in in New York is by means of brokers and that rubber is purchased in London or else in the far East. The

[Ottawa, Motor Trucks—Carlisle.]

cost of the increased price of rubber in New York, about the 6th of August, and from that up to the latter part of August, was due to rumours of an embargo being placed on rubber, prohibiting the export of it from London, and as there were only small quantities of rubber in New York, the prices rapidly rose as a means of speculation, but the price in London did not rise, and London is the source of supply, and that is the reason we were able to buy at the prices we did.

Q. Can you give me the discounts allowed to the retail trade and to owners of five motor trucks, and to dealers, in August 1914?—A. I can give you our prices at that date. I may say that we were not manufacturing tires in any quantity then, but we were importing most of them from the Goodyear Tire and Rubber Company of Akron. These tires were bought at dealers' prices, to sell them in Canada again. The consumer had a discount of 30, 10, 5 from the printed list.

Q. As I understand it, the list price never varies, but if occasion rises to give a cheaper price, you increase the discount?—A. Yes, that is it.

Q. The list price is always the standard price, and the discounts are arranged on it?—A. Yes, that is it.

Sir CHARLES DAVIDSON: Mr. Russell spoke of a discount of 40, plus three 10ths, plus five. He charged originally 40 and two 10ths and a five, and then he allowed afterwards 40, three 10ths and a five, representing a diminution.

Mr. THOMPSON: Is that right, Mr. Russell?

Mr. T. A. RUSSELL (who was present in the room): 40 three 10ths and five, was the price.

Sir CHARLES DAVIDSON: The original charge was 40 two 10ths and a five, and you allowed the difference that made a rebate.

Mr. RUSSELL: There was a rebate, but I have forgotten the amount.

Sir CHARLES DAVIDSON: These discounts mentioned by the witness do not appear to be as heavy as those which Mr. Russell allowed.

Mr. THOMPSON: I wish to get that evidence down and have it completed.

The WITNESS: To owners of five trucks, the discount was 30, 10, 5 and 5, and to dealers 30, 10, 10 and 5. The prices were as of August, 1914, and then we lowered our prices in December, 1914.

By Mr. Thompson, K.C.:

Q. But before you lowered your prices, did you sell any tires to the Government?—A. We did not, not any motor truck tires.

Q. Did you sell any tires for motor cars?—A. I cannot say as to that.

Q. I thought there were some sold by your company on the 24th of November?—A. Yes, these were delivered in the early part of the year.

Q. Were these motor tires?—A. These were motor truck tires.

Q. What discount did you allow the Government on these motor truck tires?—A. My recollection of it was, 40 and seven 10ths.

Q. Was that in November, 1914?—A. Yes.

Q. Then on the 15th of December, you lowered your discounts?—A. Yes.

Q. What were your discounts then?—A. To consumers, 40, 5, 5. To dealers, 40, 10, 5 and 5.

Q. How long did that range of discounts last?—A. Until March 10, 1915.

Q. Then what occurred?—A. Then we changed our prices; to consumers: 40 two 10ths and a five; to dealers, 40 three 10ths and two fives.

Q. Then, did you make some alteration in February, 1915, to manufacturers, or was it in February, 1915, that you first sold to manufacturers?—A. I am not so sure as to the date when we began to sell to manufacturers, but we would be in a position to sell to manufacturers about that time.

Q. That is the Goodyear American Company?—A. Yes. Their price as of June, 1914, to truck manufacturers, was 40 seven 10ths and a five, and that price prevailed until February, 1915, and the discount was changed to 40, and eight 10ths and a five.

[Ottawa, Motor Trucks—Carlisle.]

Q. Was there any change between June, 1914, and February 1915?—A. No.

Q. How did these prices compare with the Canadian prices?—A. Well, for export, we have to meet the American price, whether it is on the pneumatic tires or solids. The Government allows us a drawback of 99 per cent on the duty paid, which enables us to meet American competition.

Q. Did you allow the same discount as the American companies?—A. I think that the prices which we quoted, which were \$272.22 for a set, and for the tire and steel equipment delivered at Ottawa, figures out to practically 36 per cent off the American steel list, and about 40 and seven 10ths off the American tire list.

Q. I think there was a statement made that the United States discount was 40 and five 10ths and you say it was 40 seven 10ths and five?—A. That was the American Goodyear price at that time.

Q. What was it that caused the variation in these discounts?—A. There were no discounts to American manufacturers from June 16 to February 18.

Q. But after that there was a variation?—A. Yes, on February 18 the discount was changed to 40 and eight 10ths.

Q. Give me your quotation in August, 1914, of solid tires, 38 x 5?—A. To manufacturers or consumers?

Q. To consumers, to owners of five trucks, and to manufacturers?—A. Our price to consumers was 30, 10, 5; to the owners of five trucks, 30, 10, 5 and 5; to dealers 30, 10, 10 and 5. We were not quoting to manufacturers, as we were not manufacturing this type of tire at that time.

Q. When did you submit your offer to the Government?—A. November 24, 1914, we submitted our price.

Sir CHARLES DAVIDSON: To whom was your offer made?

The WITNESS: It was made to the purchasing committee of which Senator Taylor and Mr. McNaught were members. This tender which we put in was not accepted until some time in the first part of the year, and I believe we delivered about eighty sets at the price we quoted.

By Mr. Thompson, K.C.:

Q. What price did you quote?—A. On November 24, we quoted \$247 for a set of 38 x 5 for the tires only. Later, the price was changed to \$272.22. This price included six tires and the necessary steel and plate and so forth.

Q. Did you get a drawback on the steel you supplied?—A. No, I believe there was no drawback on that steel.

Sir CHARLES DAVIDSON: Furnish the witness definitely at the outset with the price obtained by the Canada Cycle Company, so that there may be a comparison made.

Mr. RUSSELL: The price of a complete set, 58 x 5, was \$346.53 to the Government.

Mr. THOMPSON (To the Witness): Now, what was your price for the naked tires in November?

The WITNESS: Our price, without steel, would be \$239.22.

Mr. THOMPSON: What would your price have been in September, 1914, the date that the Canada Cycle Company prices are quoted for?—A. It would have been the same price, \$239.22.

Mr. THOMPSON: The same price you eventually got?

The WITNESS: Yes, because the American discount had not changed in that length of time.

Mr. THOMPSON: I have a letter from the Dunlop Tire Company, addressed to myself in September, in which they say that the Firestone Tire and Rubber Company are positively the largest manufacturers of truck tires in the United States, and they enclose a copy of the Firestone letter, and I would like to ask Mr. Carlisle for his criticism on this letter. I have here a letter from the Firestone Company, addressed to the Dunlop Company, dated the 27th of August, 1915. They say:

[Ottawa, Motor Trucks—Carlisle.]

AKRON, OHIO, August 27, 1915.

Dunlop Tire & Rubber Goods Co., Ltd.,
Toronto, Can.

Gentlemen:

Attention Mr. W. B. Northam.

In reply to your favour of the 24th inst. please note that our discounts on Firestone Hard Base Solid Truck tires for large distributors in the United States such as yourselves, were the following:

From September 1913 to August 1914.. . . .	40 & 5-10's
" August 1914 to Nov. 1914.. . . .	40 & 4-10's
" November 1914 to January 1915.. . . .	40 & 5-10's
" January 1915 to March 1915.. . . .	40 & 7-10's

The above schedule will show you that soon after the outbreak of the European War our prices advanced 10%, but went back to 40 and 5-10ths in November, and remained the same until about the 1st of January, 1915, when the discounts were increased to 40 and 7-10's.

We trust that the above information covers your requirements; if not, do not hesitate to write us again.

Yours very truly,

FIRESTONE TIRE AND RUBBER COMPANY.

(Signed) C. O. BRANDES,
Export Manager.

The WITNESS: These ought to be about the right discounts, because they could not import goods into Canada other than on the American dealers' list.

Sir CHARLES DAVIDSON: I wish you would take these figures down, Mr. Russell, because you will be struck as to the essential difference between your prices and the prices deposed to by this witness.

By Mr. Thompson, K.C.:

Q. From August, 1914, to November, 1914, the Goodyear discounts were 40 and four 10ths, what is your criticism on that?—A. That seems to be about one-10th too low. I think the price should have been 40 and five 10ths.

Q. In other words, there ought to have been a higher discount allowed, that is what you mean?—A. Yes.

Q. From November, 1914, to January, 1915, the discount was 40 and five 10ths what do you say as to that?—A. The discount as I got the information, should be 40 and six 10ths.

Q. That is, it should be one-10th more?—A. Yes.

Q. And from January, 1915, to March, 1915, the discount was 40 and seven 10ths?—A. That is right.

Sir CHARLES DAVIDSON: The interest we have here is to consider the statement that the Canada Cycle Company's prices were grossly exaggerated. As I understand, the result of this evidence is that you would have furnished a set of tires, comprising six tires, at about \$100 less than the price obtained by the Canada Cycle Company.

The WITNESS: We would furnish the tires at the current market price.

Sir CHARLES DAVIDSON: Could you have delivered these tires at Valcartier at \$100 a set cheaper than the Russell Company, at the date on which Mr. Russell delivered them, either at Valcartier or at Montreal?

The WITNESS (to Mr. Russell): Did you include the steel?

[Ottawa, Motor Trucks—Carlisle.]

Mr. RUSSELL: The steel was included as a separate item and delivered duty paid in Canada.

Mr. THOMPSON (to the witness): Up to that time, as I understand it, you were not making these tires in Canada?

The WITNESS: I have stated that.

Mr. RUSSELL: So that you could not have delivered them from the Canadian factory at that time at all at any price.

The WITNESS: No, we would have to have twenty days after I got the order before we made delivery.

Mr. RUSSELL: And these tires were shipped in about that many hours.

I would like to go on the stand in regard to that question now, because I have fresh in my mind the evidence given by Mr. Carlisle.

Sir CHARLES DAVIDSON (to the witness Carlisle): You have not answered my question yet—would you have delivered a set of tires at these dates that Mr. Russell delivered them, at a price of \$100 less in round figures than the Canada Cycle Company charged; that is the tenor of your evidence?

The WITNESS: The price we quoted the Government in November was \$272.22 and the Dunlop Company took an order at the same time at that price. Our price in September would have been \$272.22 for the same order as we tendered on in November.

Sir CHARLES DAVIDSON: Can you not give us the price without figuring in the steel?

The WITNESS: I forget what the steel cost; I will have to figure that up.

Sir CHARLES DAVIDSON: Well, figure it up.

The WITNESS: I will have to get our tender and see what that was. I know that the price we tendered on, with the steel, including the drawback and so-forth, was \$272.22.

Mr. RUSSELL: I think it will be found that the figures agree, if they are worked out. The price of the naked tires was \$239, but I do not believe you can figure it out without making reference to the steel, and that is the best way of doing it. Perhaps when you hear my explanation, you will agree with me. \$239 is what it works out, at 40 less seven 10ths. The American price of steel equipment was \$19.66, and as I understand it an arrangement was made that on all tires which were meeting the American price, the manufacturers were allowed what would have been the amount of the drawback on the raw materials which entered into the tires, rubber, and steel, etc., and that drawback amounted to \$13 and some cents, and when you add that \$13 and some cents to \$258, it gives \$272 as the price of a complete set of tires, exclusive of steel. Our complete price for that, except the drawback has to be considered, was \$375, for what Mr. Carlisle charged \$272.

Mr. CARLISLE: I agree with these figures.

Sir CHARLES DAVIDSON (to Mr. Russell): What we are concerned with is that you charged \$100 more.

Mr. RUSSELL: Yes.

Sir CHARLES DAVIDSON (to Mr. Carlisle): And you got the order, and you filled the order, at those prices?

Mr. CARLISLE: Yes.

Sir CHARLES DAVIDSON (to Mr. Carlisle): For how many tires?

Mr. CARLISLE: For eighty sets of six tires each, or 480 tires.

The witness retired for the present.

T. A. RUSSELL, of the City of Toronto, general manager of the Russell Motor Company, already sworn:

Sir CHARLES DAVIDSON: How do you justify charging one hundred dollars a set more for your tires?

Mr. RUSSELL: In referring to the prices which were charged by the Canada Cycle Company, namely \$375 a set, I wish to point out that these are not our prices. These were prices made by the Dunlop Tire Company, the manufacturers of the tires, and there was no profit to the Canada Cycle Company in it. In other words, these tires were turned over to the Government at the same price as the Canada Cycle Company paid the Dunlop people for them.

Sir CHARLES DAVIDSON: Why did you pay the Dunlop people so much for these tires if you could buy them cheaper from Mr. Carlisle?

Mr. RUSSELL: Mr. Carlisle was not making these tires in Canada at that time.

Sir CHARLES DAVIDSON: Did you inquire?

Mr. RUSSELL: We knew it; our purchasing man knew it. They were not being made by anyone except the Dunlop Tire Company at that time.

Sir CHARLES DAVIDSON: What delay had you to deliver them?

Mr. RUSSELL: It was less than a week.

Sir CHARLES DAVIDSON: And Mr. Carlisle says he could have delivered them in twenty days.

Mr. RUSSELL: Of course everything had to be done between the tenth and the twentieth of September.

Mr. THOMPSON: Could you not have bought them in the United States cheaper than from the Dunlop Company?

Mr. RUSSELL: You have the list there; the list at that time was, I think, 40 and five 10ths.

Mr. THOMPSON: At a discount of 40 and five 10ths what would the price have been in Canada?

Mr. RUSSELL: I think it would have been \$45 cheaper bought from the American people on the American jobbers' list, if no duty was paid on the American tires. I wish to point out that this price was finally settled with the Dunlop Tire Company. They convinced me, by reason of this quotation from the Firestone Rubber Company's letter, that prices had been lowered in the United States by three successive ten per cent discounts in the interval. That was one reason. The second reason was this: we only got altogether twenty-five sets of tires for the First Contingent, divided among six different sizes, so that there was no run of tires on any one size. It was not one run of tires, they were all different sizes, and that, of course, makes it an entirely different matter. In the third place, they had to pay express on steel and a lot of things, pay extra expense in getting them in, so that, having regard to what I took to be an authoritative statement of prices for the United States over that time, namely, three successive reductions of ten per cent, and having regard to the small order among several sets of tires of different sizes, I believed that this price was fair. If that was not a fair statement of the general market conditions in solid rubber tires in the United States, I do not know where we could get one.

Sir CHARLES DAVIDSON: Did you make a reduction subsequently, on this price of \$375?

Mr. RUSSELL: No, that is based on the prices that we received.

Sir CHARLES DAVIDSON: This rebate of \$5,000 that you subsequently allowed the Government, had it any connection with this price of \$375 per set of tires?

Mr. RUSSELL: No. The difference simply is, that it is claimed that in the United States that the price list decreased in that period by three successive ten per cent discounts.

Sir CHARLES DAVIDSON: Did you sell motor tires subsequently to the Government?

Mr. RUSSELL: No.

Sir CHARLES DAVIDSON: Are these the only ones you sold to the Government?

Mr. RUSSELL: We sold only to the First Contingent. Speaking of the Dunlop Tire and Rubber Goods Company, they sold in January, and we did not sell any more after September.

Sir CHARLES DAVIDSON: This concluded your transactions with the Government as to motor tires?

Mr. RUSSELL: Yes, and our price to the Government was the price that the Dunlop Company charged.

Mr. THOMPSON: I take it that there was very little variation of price between September, 1913, and January, 1915?

Mr. RUSSELL: I was not buying in September, 1913; September, 1914 was when I was buying.

Mr. THOMPSON: But the Firestone Tire and Rubber Company give quotations, and from September, 1913; to January, 1915, there apparently was no variation to speak of, except one discount of ten.

Mr. RUSSELL: They show there that there were three 10ths reduction, and I feel that if that was the situation in the United States that the price made of 40 three 10ths and 5, as against 40 and seven 10ths in January, was fair, especially having regard to the smaller number of tires bought and the variety of the sizes. I cannot throw any further light on that, as to whether the Firestone statement of the trade situation was correct or not, except this, that it has been the practice, unless recently changed, of all tire companies to make a much greater discount, and consequently a lower price, on tires supplied for what is known as equipment—that is to go on the trucks originally—than they do make for replacement. These supplied in January, in this case, were for equipment, and those supplied in September were replacement tires.

Mr. THOMPSON: I understand that Mr. Carlisle makes no distinction.

Mr. RUSSELL: That is during the last year.

Mr. CARLISLE: Our company does not make any distinction at the present time.

Mr. RUSSELL: When did it make a distinction?

Mr. CARLISLE: I think it was prior to one year ago.

Mr. THOMPSON (to Mr. Carlisle): At the time Mr. Russell bought, did you make a distinction between equipment and replacement?

Mr. CARLISLE: I cannot say as to that.

Sir CHARLES DAVIDSON: I cannot understand why the Dunlop Company should have charged \$100 a set more, when they had the stock on hand.

Mr. RUSSELL: It all turns on this, sir: that 40 three 10ths and 5, was the lowest price they had made to anybody up to September, 1914. I got that from them. In getting that from them, it was the lowest price they had made to anybody up to that time. Later, they made a lower price. I felt that we were entitled to the lowest price. I think there was a five per cent discount, at which they had sold to one manufacturer, namely, at 40 and four 10ths off, and I agreed to 40 three 10ths and 5, a difference of five per cent on account of the variety of sizes that order called for. When I got the lowest price, within five per cent, that they had made to any customer, I believed that I got a proper price. Later, they made a much lower price. I do not know whether they were justified later or earlier, but at all events, I got within five per cent. of the lowest price they had made to any customer in Canada, up to that time.

The Commission adjourned until eleven o'clock to-morrow morning, Tuesday, January 4, 1916.

[Ottawa, Motor Trucks—Russell.]

OTTAWA, CANADA, Tuesday, January 4, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

JOHN FRASER, I.S.O., Auditor General of the Dominion of Canada, already sworn:

SIR CHARLES DAVIDSON: Did you get the price list, Mr. Auditor General, of the American Government, that you referred to the other day?

MR. FRASER: I could not get the price list of the American Government, it is not here.

SIR CHARLES DAVIDSON: You could get it, I suppose?

MR. FRASER: I have a distinct recollection that \$14.50 was the price at which these automatic pistols were supplied to the American officers.

SIR CHARLES DAVIDSON: In the evidence yesterday the question came up, and I got the impression that there is some importance to be attached to what the style of the pistol was.

MR. FRASER: It is the same.

SIR CHARLES DAVIDSON: And how many magazines?

MR. FRASER: There is nothing to show, either in the case of the purchases by our Government or by the American Government, how many magazines, but the magazines are a trifling part of it.

SIR CHARLES DAVIDSON: We will examine you later, Mr. Fraser, Admiral Kingsmill is here this morning and wishes to be heard.

Vice-admiral KINGSMILL, director of the Naval Service of Canada, sworn:

MR. THOMPSON, K.C.: You will recollect, admiral, that Canada purchased two submarines at a cost of \$1,150,000, just on the eve of the declaration of war—would you give the Commission your opinion as to the cost of these vessels, considering the conditions under which they were purchased?

ADMIRAL KINGSMILL: My opinion of the cost of the vessels was that under the conditions of war it was not an excessive price to pay. It was a price less than that paid by the admiralty for the same class of vessels, when they paid a heavy premium for them being finished within a certain time, which was much what we were doing in this case. The submarines would have been no use to us two months later. I presume that the price we paid, although it was a very heavy price, was worth it.

MR. THOMPSON: What do you say as to the expediency of acquiring these submarines at that time?

ADMIRAL KINGSMILL: As a matter of expediency, I consider that the British Columbia Government, who made the purchase, acted promptly and rightly. The fact of these submarines being there, I am perfectly certain in my own mind, saved the city of Victoria, if not the city of Vancouver, from serious damage.

MR. THOMPSON: That is, on the part of the German navy.

[Ottawa, Submarines—Kingsmill.]

Admiral KINGSMILL: On the part of the German Eastern Squadron, which had left Kiau-Chow almost on the outbreak of war, and which we knew were cruising in the Western Pacific at the time.

Mr. THOMPSON: I understand that at the time these vessels were acquired, an officer named Lieutenant-Commander Keyes was at Victoria, or arrived there, shortly after they were acquired.

Admiral KINGSMILL: Lieutenant-Commander Keyes was a retired lieutenant-commander in the Royal Navy, who had been an expert in submarines. At the outbreak of war, I happened to hear of him being in Toronto, in the employment of the Canadian Northern Railway Company, and I telegraphed him and he arrived here the same morning, I think, that he received information that the submarines were being delivered, and he immediately went out. He picked up one or two experts in Toronto, men he had happened to meet, who were ex-service men, and he went out there and gathered together a crew and took the vessels over from the Electric Boat Company, or the vendors, I forget who they were without looking at the file. At all events, he took them over from a Mr. Smith and he tested these vessels. When I arrived in Victoria, some time afterwards, he informed me that the *CC-1*, that is the first one, was in excellent condition and quite serviceable. He said he would not like to say the same about the other one without having her docked, as there was some leak somewhere that he could not detect. So the vessel was docked, and it was found that she had struck something and there was a slight leak which prevented her from maintaining her buoyancy, but otherwise the vessel was in excellent condition, and both of them were efficient. I may say that from that day they have continued ordinary work, out for practice, firing torpedoes, submerged and on the surface. With the exception of minor defects and one or two accidents they have had, there has been nothing to complain of in the vessels at all.

Mr. THOMPSON: My recollection is, that Commander Jones is now in command of these two submarines.

Admiral KINGSMILL: Lieutenant-Commander Jones; after the *Schnarnhorst* and *Emden* had been sunk, Mr. Keyes returned to the Admiralty and subsequently served in the Dardanelles.

Mr. THOMPSON: I understand from the evidence of Commander Keyes that the defect which existed in one of the vessels that was brought across from Seattle, was in one of the valves not being properly seated; would that be caused by an accident, such as you spoke of, before they were acquired?

Admiral KINGSMILL: It might have been caused by the vessel striking some submerged object.

Mr. THOMPSON: I understood from Commander Jones that that was a very minor defect.

Admiral KINGSMILL: All the defects have been minor; there was no serious defect at all.

Mr. THOMPSON: After these defects were remedied, was submarine No. 2 as efficient as submarine No. 1?

Admiral KINGSMILL: Yes, quite.

Mr. THOMPSON: What are the qualifications of Commander Keyes to make a report on such vessels?

Admiral KINGSMILL: Commander Keyes happened to be a man who had served in all of our earlier submarines and had been out in all their tests. I asked him, when he came to Ottawa: "Do you happen to know anything about submarines?" I did not send for him because he knew anything about submarines, but because he was an ex-naval officer. He said: "I happen to know a great deal about them, I was out on the tests for buoyancy and stability in nearly all of the A class." When I heard this, I suggested that he should go to Victoria, which he did. His reputation as an expert is very high.

[Ottawa, Submarines—Kingsmill.]

Mr. THOMPSON: Is he in the service at present?

Admiral KINGSMILL: He is in the service at present, and lately has been honoured for good work at the Dardanelles.

Mr. THOMPSON: What do you say as to the efficiency of these vessels, as compared with vessels of a similar class in the British Navy at the present time?

Admiral KINGSMILL: From all the information we can get and from Keyes' own report, he says they are quite on par with anything they have.

Sir CHARLES DAVIDSON: What as to buoyancy?

Admiral KINGSMILL: That I could not remember without the file; that is a technical question that I did not know I was going to be asked.

Sir CHARLES DAVIDSON: The Chileans made that a ground of rescinding the contract; the Boat Company rather pretends that the Chileans did not want to continue the bargain for another reason, and I would like, if possible, to know what your official opinion is.

Admiral KINGSMILL: As to their buoyancy?

Sir CHARLES DAVIDSON: Yes.

Admiral KINGSMILL: The submarines are efficient in every way. They are contract; the boat company rather pretends that the Chileans did not want to con- anything wrong with their buoyancy or anything wrong with them in any other way is absolutely false, because from the very day that Keyes got hold of them he went out. In my presence in Victoria these submarines have gone out and submerged and done their work and come back again.

Mr. THOMPSON: Were ever any complaints made in any way that there was a lack of buoyancy in these vessels?

Admiral KINGSMILL: No, except in CC-2 which, as I have mentioned, had struck something.

Mr. THOMPSON: That, I understand, was before the defect was remedied?

Admiral KINGSMILL: That was before the defect was remedied.

Sir CHARLES DAVIDSON: The contract between the Chilean Government and the Electric Boat Company called for tests with two months' provisions on board. Have they ever been tested in that respect, or is it required that they should be so tested in the service they perform for the Canadian Government?

Admiral KINGSMILL: It would not be required of them. They have never been away from their parent ship to that extent, and that test has never been made to my knowledge. They were not built for overseas submarines; they were built for coast defence—at least they were used for coast defence—what they were built for I do not know. They cruise with their parent ship.

Sir CHARLES DAVIDSON: They were built to go to Chile?

Admiral KINGSMILL: Yes, but they could do that coasting. We have no information on our files as to anything the Chileans asked for. That has been obtained by the Commission, I presume, but we have no knowledge of what the Chileans asked for. We have only the report of our own officer as to the efficiency of the boats for the purposes for which they were needed by us; that is, the protection of the British Columbia coast.

Mr. THOMPSON: What would you consider would be the probable normal cost of building such vessels in Canada in normal times?

Admiral KINGSMILL: That is a very vexed question. We have never been able to solve exactly what it would cost us here. We did not propose to build any submarines, but Australia did, and at the Conference in 1909, they said they could build them for £55,000 each in England for the Australians, and later on the Australians, in their estimates, put down nine submarines for £810,000, which would bring it up to about £90,000 each. But in this country we could not do it. If we added about

[Ottawa, Submarines—Kingsmill.]

40 per cent to this £55,000, which is what we were going to add when we proposed to build Bristols here, that would bring it up to about \$450,000 each.

Mr. THOMPSON: Would that be a submarine of the same class as these two that Canada purchased?

Admiral KINGSMILL: That estimate was made then for a sea-going class, which is a little different, and not quite so elaborate. There are improvements in this class, which they have not got in the sea class.

Mr. THOMPSON: Do these improvements cost more?

Admiral KINGSMILL: They cost considerably more. They have submarine telephones and different small items like that, and they would have a greater surface speed than the sea class. Altogether, these are a better class of vessels than were going to be built by Australia in 1909.

Sir CHARLES DAVIDSON: Would the price you mentioned include overhead charges?

Admiral KINGSMILL: That is roughly the actual cost to the Government in building them. But in August of 1914, Messrs. Vickers offered to build for the Canadian Government submarines at a cost of \$572,000 each, a similar boat to those on the Pacific coast, and six months afterwards, when the question was again raised, they asked \$600,000 for each boat. The Admiralty paid more than \$572,000 for each boat because they paid a very heavy premium that the vessels should be built within a certain time. That is a matter of Admiralty information that I have not got on our files.

Mr. THOMPSON: The premium would be in addition to the \$572,000?

Admiral KINGSMILL: The premium and the cost of building, which Vickers charged, is more than \$572,000. I only know there was a premium because Mr. Tynan, the representative of the company, who were building at Vickers, told me so.

Sir CHARLES DAVIDSON: What is the character of the premiums of which you have spoken?

Admiral KINGSMILL: It is a premium if the vessels were built within a certain time. The question was to get them out of the St. Lawrence before a certain time and the premium was given on the contract to get them out before the close of navigation, I presume.

Mr. THOMPSON: Is it a per diem allowance?

Admiral KINGSMILL: It was on a sliding scale, yes.

Mr. THOMPSON: Can you state anything as to its extent, in figures?

Admiral KINGSMILL: I do not know. It is a matter between the Admiralty and the Electric Boat Company, or whatever firm are building at Vickers.

Sir CHARLES DAVIDSON: Generally, are you aware of any price which you can state with regard to submarines which may be now built in Canada?

Admiral KINGSMILL: In Canada?

Sir CHARLES DAVIDSON: Yes?

Admiral KINGSMILL: We are not building submarines in Canada, at all events, not on this side.

Sir CHARLES DAVIDSON: Do you know where this accident was met with?

Admiral KINGSMILL: Of CC-2?

Sir CHARLES DAVIDSON: Yes?

Admiral KINGSMILL: No. It occurred before the vessel was delivered, because Smith, who according to the contract was to come over and teach the crews to dive, did not go down in that vessel, which raised the suspicions of Lieutenant Keyes. And when he tried to dive, the ship very quickly lost her buoyancy, and as he had a new crew on board, the most of whom were ignorant of submarine work, he asked me when I was out there, within two weeks of the declaration of war, to have the vessel

[Ottawa, Submarines—Kingsmill.]

docked, and on docking they found a slight indentation in her side where she had struck a submerged object.

Sir CHARLES DAVIDSON: Have you information of an official or of a quasi-official character as to whether this occurred during her trials at Seattle Harbour?

Admiral KINGSMILL: No.

Sir CHARLES DAVIDSON: We had information that she had come up under a raft of logs.

Admiral KINGSMILL: I know that Captain Smith knew she had struck something because he was not anxious to go down in her.

Sir CHARLES DAVIDSON: It has been widely rumoured, Admiral Kingsmill, that there was some collusive bargaining in connection with this purchase, that there were large sums paid improperly or corruptly.

Admiral KINGSMILL: That I know nothing of whatever.

Sir CHARLES DAVIDSON: In the course of your official duties, have you had, in the remotest degree, any information which would excite your suspicions in that respect?

Admiral KINGSMILL: Nothing at all. There never has been anything that we had anything to do with that would indicate that. Of course, I was out there in an executive capacity and there was talk as to whether it was a good thing to have bought the submarines or not, but that is the only question I ever heard anybody speak about, outside of the naval officers. I never thought of anything myself in the other way.

Sir CHARLES DAVIDSON: And no information of any kind has come to you concerning that?

Admiral KINGSMILL: No information of any kind, nothing.

Sir CHARLES DAVIDSON: I suppose you cannot express any opinion on that point?

Admiral KINGSMILL: No, except that I presume it would be quite a business matter to the people who were selling them that they should ask a high price as it was not a moment for bickering; I suppose they thought that.

Sir CHARLES DAVIDSON: What I had more in mind at the moment was with reference to some corrupt element.

Admiral KINGSMILL: That I know nothing about.

Sir CHARLES DAVIDSON: You never heard of it?

Admiral KINGSMILL: Never heard of it at all, only heard it when I came back here.

Sir CHARLES DAVIDSON: But through your officers you never heard of it?

Admiral KINGSMILL: Oh, no, the naval officer who actually represented the department when the thing was put through, broke down in health and was invalided, and when I got out there he was in the hospital, and the other officers were Commander Keyes who was here when the vessels were bought—the other officers had nothing to do with it; no one out there had anything to do with the purchase except Lieutenant Pilcher and he was taken ill afterwards.

Sir CHARLES DAVIDSON: Mr. Auditor General, is there anything you can suggest to ask the Admiral?

Mr. FRASER: No.

The witness retired.

After the examination of Admiral Kingsmill, the examination of John Fraser, I.S.O., was resumed.

Mr. THOMPSON: Be good enough, Mr. Fraser, to make any statement that you desire to, with respect to the purchase by the Canadian Government of revolvers and automatic pistols.

Mr. FRASER: In examining the accounts for the purchase of revolvers and automatic pistols I found that the Government had paid \$18.50 for each pistol. I subsequently ascertained that the same pistol was sold to the New York State Government for \$14.50. The Colt Arms Company also supplied to the New York State Government a lot of parts for the pistols at a lower price than they were sold for to the New York State Government.

Sir CHARLES DAVIDSON: Your statement yesterday referred to the United States Government.

Mr. FRASER: Both terms were used in the correspondence. What I saw had reference to the New York State Government. My attention was called somewhat later to the purchase the Militia Department had made from the Colt Arms Company of spare parts, and the prices given were those given to the New York State Government. I then asked the Militia Department why they had not obtained the same favourable price for the pistols as they obtained for the parts. They told me they would inquire of the Colt Arms Company, which they did, and I have here the correspondence.

Sir CHARLES DAVIDSON: Read it.

Mr. FRASER: The whole of it?

Sir CHARLES DAVIDSON: Yes, the whole of it.

Mr. THOMPSON: You had better read the whole of it because it makes one consecutive story.

Mr. FRASER: I now read a letter from myself to the Deputy Minister of Militia and Defence, dated May 7, 1915:

MAY 7, 1915.

SIR,—In connection with the purchase of Colts automatic pistols at \$18.50 I wish to call your attention to an Order-in-Council of the 6th November last authorizing the purchase of spare parts for the 5,000 pistols, calibre .45 already purchased wherein it is stated that "The Colts Patent Fire Arms Company state that the prices specified herein (in the schedule attached) are those paid by the United States Government for the same parts."

I have ascertained that the Colts Patent Fire Arms Company also supply the automatic pistol to the New York State Government and the Government supplies them to the officers at \$14.75 which is a slight advance on the price charged to the Government.

I have to request that you will let me know why you should not obtain the pistols for the same price as that paid by the New York State Government when you were able to obtain the parts at this rate.

I am, sir,

Your obedient servant,

Sgd. J. FRASER,

Auditor General.

The Deputy Minister of Militia and Defence,
Ottawa.

I now read a letter dated May 10, 1915, from the Deputy Minister of Militia and Defence to me:

[Ottawa, Automatic Pistols—Auditor General.]

OTTAWA, May 10, 1915.

SIR,—I beg to acknowledge receipt of your letter of the 7th instant, with reference to the price paid for Colts automatic pistols and spare parts therefor. The statement made in the Order in Council of the 6th November last is quite correct; and we have both written and verbal assurances from the Colts company that the prices paid by this Government do not exceed, and in some cases are actually less, than those paid by other Governments for similar supplies.

It is, of course, quite possible that the Colts Company have misrepresented the facts; although I hardly think so. I observe, however, that the statement made in your letter is not necessarily inconsistent with the statement made in the Order in Council of the 6th November. You say that you have ascertained that the Colts Company supply the automatic pistols to the New York State Government, and the Government supplies them to the officers at \$14.75.

It does not necessarily follow from this that the New York State Government pays only \$14.75 for the pistols; nor that the automatic pistol supplied to the New York State Government is identical with that supplied to the Canadian Government.

I will however make inquiry of the Colts company and obtain their explanation.

I am, sir,

Your obedient servant,

(Sgd.) EUG. Fiset,

Surgeon General

Deputy Minister Militia and Defence.

The Auditor General,
Ottawa.

I now read a letter dated May 17, from the Deputy Minister of Militia and Defence to me:

OTTAWA, May 17, 1915.

SIR,—With further reference to your letter of the 7th instant, about the prices paid by this Department to the Colt's Patent Fire Arms Manufacturing Company of Hartford, Conn., for spare parts for Colt's pistols; I beg to enclose herewith, for your information, a copy of the letter of Mr. Brown, Director of Contracts, to the Company, dated 10th instant, and the Company's reply of the 13th instant.

This, I trust, will make the matter clear to you that the Colt's Company are charging this Department exactly the same prices for parts of the Colt's pistols as other Governments have been paying.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) EUG. Fiset,

Surg. General.

I now read a letter, dated May 10, 1915, from H. W. Brown, Director of Contracts, to the Colts Patent Fire Arms Manufacturing Company of Hartford, Connecticut:

OTTAWA, May 10, 1915.

Gentlemen,—I have at various times received assurance, both from your Mr. C. W. Skinner, verbally, and from your company by letter, that the prices which you have charged this department for automatic guns, pistols and spare parts therefor, were the same as those paid by other Governments for the same supplies.

I have lately been informed that your company also supplied the automatic pistols to the New York State Government at \$14.75 or less; whereas this Government has been paying \$18.50.

I should be glad to receive any explanation which you may have to make upon this.

Yours faithfully,

(Sgd.) H. W. BROWN,
Director of Contracts.

Messrs. Colts Patent Fire Arms Mfg. Co.,
Hartford, Conn.

I now read a letter dated Hartford, Conn., May 13, from the Colt's Patent Fire Arms Manufacturing Company, signed W. C. Skinner, first vice-president, to H. W. Brown, director of contracts, Department of Militia and Defence:

H. W. BROWN,
Director of Contracts,
Department of Militia and Defence,
Ottawa, Canada.

HARTFORD, CONN., May 13, 1915.

DEAR SIR,—Your letter of May 10 arrived during my absence from Hartford and was held for my attention when I returned this morning.

You are right when you quote me as saying that our price to you for rapid fire machine guns was the same as paid by our Government, i.e., \$600. I also stated that since our sales to you we had added \$50 to the price on account of increased cost for overtime work, and that all the other Governments had bought from us at the advance. In fact, yours is the only Government which has paid the low price since the war began.

You are mistaken with regard to the Colt automatic pistol. If you will think back I am sure you will remember that no comparison was made by me between the cost of the pistol to our Government and that to your own. The fact is that the pistol was developed especially for our Government, and our belief and understanding was that its adoption would mean very large orders, which has proved true, as our Government has already ordered over 100,000 pistols. All our private cavalymen, artillerymen and marines are armed with the pistol, as are also all army and navy officers. In addition, the Naval Militia and National Guard order these pistols through the United States Government. Under these circumstances a very low price was named.

Your letter of November 3, 1914, and our reply of November 9, referred to *parts* of the pistol. We wrote then that the price given you for *parts* was the same as paid by our own Government, which is a fact.

Trusting that this explanation covers your inquiry of May 10, we are,

Very truly yours,

Colt's Patent Fire Arms Mfg. Co.,

(Sgd.) W. C. SKINNER,
First Vice-President.

Mr. THOMPSON: That is the whole of the correspondence on the subject?

Mr. FRASER: Yes, there are the vouchers.

Mr. THOMPSON: You might quote one of them.

Mr. FRASER reads:—

Colt Patent Fire Arms Mfg. Co.,

Sold to Canadian Government, Department of Militia and Defence, September 11, 1914:

1,000 .45 calibre, automatic pistols, Government model, \$18.50—\$18,500.

[Ottawa, Automatic Pistols—Auditor General.]

Sir CHARLES DAVIDSON: There appears to be a deduction for two pistols there?

Mr. FRASER: Yes, there appears to have been two pistols short and there is a deduction for these two pistols amounting to \$37. The voucher continues:—

Shipped to J. Wesley Allison, Waddington, N.Y., duplicate copy sent Valcartier, to-day.

That is certified to by H. W. Brown that the goods have been received and that the prices are fair and reasonable.

Mr. THOMPSON: These pistols were the Colt automatic pistol?

Mr. FRASER: Yes.

Mr. THOMPSON: One speaks loosely of automatic revolvers, but as I understand it there is no such thing; there are revolvers and automatic pistols.

Mr. FRASER: There are charged for 70 new service revolvers at \$14 each. I beg to hand in the following statement:—

STATEMENT of Pistols and Automatic Guns purchased by the Militia and Defence Department from The Colts Patent Fire-Arms Manufacturing Co., and charged to War Appropriation, 1914-15.

Pistols.

Sept. 11/14—2836—	998	at 18.50	.. . . .	\$18,463 00
21 —3538—	70	" 14.00	.. . . .	980 00
24 —3556—	300	" 18.50	.. . . .	5,550 00
Nov. 7 —4434—	1000	" 18.50	.. . . .	18,500 00
Oct. 31 —4434—	1000	" 18.50	.. . . .	18,500 00
Oct. 1 —5978—	180	" 18.50	.. . . .	3,330 00
Sept. 30 —5978—	100	" 18.50	.. . . .	1,850 00
Sept. 29 —5978—	300	" 18.50	.. . . .	5,550 00
Oct. 2 —5978—	120	" 18.50	.. . . .	2,220 00
No date B. of E.—	1000	" 18.50	.. . . .	18,500 00

Colts Auto. Guns.

Oct. 20/14—4433—	30	at 600.	.. . . .	18,000 00
Sept. 18. —4433—	5	" 600.	.. . . .	3,000 00
Sept. 12 —4433—	15	" 600.	.. . . .	9,000 00
Nov. 25 B. of E.—	35	" 600.	.. . . .	21,000 00
Dec. 23 B. of E.—	34	" 600.	.. . . .	20,400 00
Jan. 22/15 B. of E.—	29	" 600.	.. . . .	17,400 00
Feb. 9 B. of E.—				
(Gun)—	1	" 447.50	.. . . .	477 50
(Tripod)—	1	" 122.50	.. . . .	122 50
No date. B. of E.—	1	" 600.00	.. . . .	600 00
Feb. 11 B. of E.—	1	" 600.00	.. . . .	600 00
Feb. 23 B. of E.—	49	" 600.00	.. . . .	29,400 00

As I have said, the second item of that statement is for seventy new service revolvers at \$14 each.

Mr. THOMPSON: Is there a difference in the price between the revolvers and the pistols?

Mr. FRASER: Yes, the revolvers are charged for at \$14 each.

Mr. THOMPSON: Do you know the difference between a pistol and a revolver?

Mr. FRASER: Do you mean as to the price?

Mr. THOMPSON: No, as to the mechanism?

Mr. FRASER: I do not know, but I think I could describe it. The revolver has a revolving chamber and the automatic pistol has a chamber or magazine in the stock.

Mr. THOMPSON: I see on this statement there is a statement as to Colt's Automatic Guns.

Mr. FRASER: I do not know the value of them at all; there has been no question raised about that.

Sir CHARLES DAVIDSON: What are these two memoranda attached to this statement?

Mr. FRASER: There is attached to this statement two memoranda as follows, the first having reference to vouchers 3528:

" 3528.

" Sold to

" Mr. R. Brutinel,

" C/ J. W. Sifton,

" Ottawa, Ont.

" Shipped Adams Express.

" 70 5½" 455 cal. New Ser. Revs. Blue. \$14.00 each, \$980.00."

I made inquiry as to that, and this explanation is as to the difference in price. I found that these were revolvers that only cost \$14 each.

Sir CHARLES DAVIDSON: What is the other memorandum?

Mr. FRASER: That is with reference to voucher No. 3556 for automatic pistols. It is with reference to the difference between the price of \$14 for revolvers and \$18.50 each for automatic pistols.

Sir CHARLES DAVIDSON: How does it read?

Mr. FRASER: It reads:

" 3556.

" Sold to

" The Canadian Government,

" Department of Militia and Defence.

" Shipped by—Delivered by Messenger—

" 300 45 cal. Automatic Pistols, Govt. Mod., \$18.50 each.. \$5,550 00

" Expenses of delivery based on express rates. 28 00

\$5,578 00

Sir CHARLES DAVIDSON: There is no importance to be attached to these memoranda?

Mr. FRASER: None whatever.

Sir CHARLES DAVIDSON: You secured them just for your private information as to the different prices, and that difference arises from the fact that one delivery was for revolvers and the other for the automatic pistols which are sold at a higher price?

Mr. FRASER: Yes. I have not got a satisfactory explanation yet as to why we paid \$18.50 for the automatic pistols or \$14 for the revolvers.

Sir CHARLES DAVIDSON: You have not stated that was an excessive price.

Mr. FRASER: I state it now. I stated yesterday that the price to the trade was \$18.50 for the automatic pistols, less a discount of ten off and five off and two off for cash, which would make the price about \$15.42 for the automatic pistols. For the revolver, there is a discount to the trade, amounting to \$2.48 on each revolver, making the price \$11.52 instead of \$14. I stated yesterday also that the price charged to the New York State Government for the automatic pistol was \$14.50 or something less

[Ottawa, Automatic Pistols—Auditor General.]

than \$14.75, \$14.50 I believe is the price. I cannot understand why, on a purchase of 5,000 of these automatic pistols, we should not have got the trade discount.

Sir CHARLES DAVIDSON: There is no difficulty as to the price of the automatic guns which are included in your statement; your statement simply has reference to automatic pistols and revolvers.

Mr. FRASER: Yes. I could buy these automatic pistols myself in smaller quantities at \$18.50.

Sir CHARLES DAVIDSON: That is the automatic pistol.

Mr. FRASER: The automatic pistol.

Mr. THOMPSON: In Canada?

Mr. FRASER: That price is f.o.b. at the factory. All these prices are f.o.b. at the factory and we pay the express charged in addition.

Mr. THOMPSON: Do you know whether the purchases had actually been made for the Canadiana Government with the discount you have mentioned?

Mr. FRASER: I was informed in connection with the pistols, I have seen the invoice for the revolvers, some that were purchased for the Government by a firm in Kingston.

Mr. THOMPSON: Purchased for the Government?

Mr. FRASER: Purchased and sold to the Government.

Mr. THOMPSON: What is that firm?

Mr. FRASER: Dodge, I do not know whether it is Dodge Brothers or just Dodge.

Sir CHARLES DAVIDSON: How many?

Mr. FRASER: That was a small number.

Mr. THOMPSON: What were they?

Mr. FRASER: Revolvers.

Mr. THOMPSON: How many?

Mr. FRASER: It was a small lot, I forget the number, 25 or 50.

Mr. THOMPSON: What price did they pay?

Mr. FRASER: \$14 less 10, less 5, and less 2.

Mr. THOMPSON: What were they sold to the Government at?

Mr. FRASER: \$15, I believe. I believe my statement to be correct as to the discount on the pistols, but that can be verified. The Customs Department would have the material to verify that; they would have copies of the invoices for imports by hardware firms.

Sir CHARLES DAVIDSON: What firms here would have these invoices?

Mr. FRASER: I imagine that Ketchum & Company in Ottawa here would have them and possibly Birkett's.

Sir CHARLES DAVIDSON: Do you mean that the Customs Department at Ottawa would have them?

Mr. FRASER: The Customs Department at Ottawa would have them. The Hingston Arms Company of Winnipeg are large dealers in firearms, and there is Lewis in Montreal. If there is any doubt about the discount given on the automatic pistols and revolvers, it can be verified. I could give you a quotation from the Colt's Patent Arms Company; it was not to anybody in the trade. It is private. But the quotation is \$18.50.

Sir CHARLES DAVIDSON: Will you file it?

Mr. FRASER: I prefer not.

Sir CHARLES DAVIDSON: You mean there is a flat rate of \$18.50 each, but not to the trade?

Mr. FRASER: Yes, that is their price list.

- [Ottawa, Automatic Pistols—Auditor General.]

Sir CHARLES DAVIDSON: Does that include the discount?

Mr. FRASER: No, as I say I can buy them myself for \$18.50.

Sir CHARLES DAVIDSON: Single automatic guns?

Mr. FRASER: A few, not a single one.

Sir CHARLES DAVIDSON: Is there anything further, Mr. Fraser?

Mr. FRASER: I think you suggested that Mr. Thompson should ask me who made the purchases.

Sir CHARLES DAVIDSON: Yes.

Mr. FRASER: I was under the impression, judging by the vouchers, that the purchases were made by Colonel Allison, but I read the evidence taken yesterday in which the Minister of Militia stated that Mr. Allison had nothing to do with the purchase of the pistols. The Minister of Militia stated that Mr. Allison had absolutely no connection with that, but he must have had some connection with it as the pistols were consigned to him.

Sir CHARLES DAVIDSON: He may have been the consignee without having bought them?

Mr. FRASER: Certainly.

Sir CHARLES DAVIDSON: Your impression grew out of the fact that they had been consigned to him?

Mr. FRASER: The voucher states so.

Sir CHARLES DAVIDSON: Your impression was that he had been the purchaser because the voucher said he was the consignee?

Mr. FRASER: Yes.

Mr. THOMPSON: As to the clothing, do you desire to make any statement?

Mr. FRASER: Which clothing?

Mr. THOMPSON: Purchases by Colonel Allison?

Mr. FRASER: We have no purchases of clothing from him, so far as I am aware.

Sir CHARLES DAVIDSON: Have you the cheques for these revolvers and pistols?

Mr. FRASER: Yes.

Sir CHARLES DAVIDSON: You might hand them to Mr. Thompson.

Mr. THOMPSON: Have you the vouchers for the payment for the automatic pistols?

Mr. FRASER: I have.

Mr. THOMPSON: What do they show?

Mr. FRASER: The price of the pistol and the cheque or cheques drawn by the Department of Militia and Defence, in favour of the Colt's Patent Fire Arms Manufacturing Company.

Mr. THOMPSON: Will you please state what the cheques are?

Mr. FRASER: The first cheque is dated October 1, 1914, No. 2836, for \$18,463, for 1,000 automatic pistols, shipped to J. Wesley Allison. That is less a reduction of \$37 for two pistols. The cheque was issued to the Colt's Fire Arms Manufacturing Company.

There is another cheque, dated October 29, No. 3556 of the Militia Department, for \$5,578, covering 300 automatic pistols, plus expenses of delivery, \$28, sold to the Canadian Government, Department of Militia and Defence, delivered by messenger.

Cheque, Militia Department, No. 4434, date November 26, 1914, for \$37,000, payable to the Colt's Company, sold to the Government of Canada, consigned to W. H. Brown, Director of Contracts.

Cheque, Militia Department, No. 5978, date December 30, 1914, amount \$12,950, payable to the Colt's Company, sold to the Canadian Government, and addressed evidently to J. Wesley Allison, Waddington, New York, 120 automatic pistols.

[Ottawa, Automatic Pistols—Auditor General.]

Account by the Colt Company with the Canadian Government, Department of Militia, 1,000 Colt's, a number of parts, shipped to H. W. Brown, 203 Queen Street, Ottawa, amount paid for the 1,000 pistols \$18,500, draft on New York, 30th December, 1914.

Mr. FRASER: I have not got all the cheques here.

Mr. THOMPSON: That does not make any difference.

Mr. FRASER: These are samples of the cheques.

Sir CHARLES DAVIDSON: Mr. Thompson, you had better bring up these people who deal in firearms, Ketchum and Birkett. I would like to hear some evidence as to the automatic guns and revolvers; I would also like to know if there was anything in the indirect suggestion yesterday that more than one magazine was supplied with the Canadian revolver.

Sir CHARLES DAVIDSON (to Mr. Fraser): Did this \$18.50 include more than the ordinary pistols? Can you state, Mr. Auditor General, what is included in the \$18.50 besides the pistol?

Mr. FRASER: So far as I know, there was nothing but the pistol itself. The spare parts were bought afterwards. Here is a list of the spare parts which were purchased.

Mr. THOMPSON: What do the magazines cost, does that say?

Mr. FRASER: There is no price given for it, but magazine tubes, magazine base, magazine pin, and so on, including seven articles altogether, six in addition to the magazine, only cost \$1.

Mr. THOMPSON: They are extra?

Mr. FRASER: They are extra.

Mr. THOMPSON: As to the pistol itself you have not in your hand the price list?

Mr. FRASER: This is the price list for the spare parts?

Sir CHARLES DAVIDSON: Only?

Mr. FRASER: Yes, they do not give the price for the pistol.

Sir CHARLES DAVIDSON: Of what date is that list?

Mr. FRASER: It was received here in July or August.

Mr. Fraser was not further examined for the present.

Mr. THOMPSON: During the examination yesterday of Mr. Carlisle, you asked me, sir, why I was securing testimony as to the price of rubber tires. At page 949 of the evidence, Volume II, Mr. Northam was examined. I asked him as to why there was a drop in the price between August, 1914, and January, 1915, and he said (page 949):—

In the first place we were dealing with a small order, and in the second place we were dealing with a very large order, and in the third place the rubber which enters into the track tires was around 75 cents per pound during the first part of the war when this stuff was bought, and it was \$1.10 or \$1.20 later, and when they bought the next lot it was down to 55 cents. That is a difference of 100 per cent although, of course, we bought rubber in the interval that covered that and we did not pay quite so much for it.

Mr. Russell requested me to recall Mr. Northam.

Sir CHARLES DAVIDSON: This does not agree with Mr. Carlisle's evidence?

Mr. THOMPSON: No, sir. At Mr. Russell's request I call Mr. Northam, chiefly on the point brought up by Mr. Russell yesterday, as to the difference in the price paid for the various sets of tires. I think there was about \$100 difference in the set.

Sir CHARLES DAVIDSON: Mr. Carlisle may have a change to make in his testimony, judging from a brief conversation I had with him.

Mr. CARLISLE: I would like to see the testimony I gave yesterday first.

W. B. NORTHAM, sales manager, Dunlop Tire Company, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Q. I am recalling you, Mr. Northam, at the request of Mr. Russell—at page 949 of your evidence, Volume II, I asked you when did you begin to allow the Militia Department a discount of 40 and seven 10ths, and you, answer:

A. When the question came up as to the big order and the allowance that was made by the Kelly Company, it was arranged between Mr. Thomas and our company that the tires should be 40 and seven 10ths and we accepted on that basis.

Q. By doing so, you are meeting the American price?

A. That is really what it was.

Q. Was it because there were no companies manufacturing truck tires in Canada in August, 1914, that you charged approximately \$100 more per set than was paid later?—A. No, it was entirely brought about by the conditions and the size of the order. In the first order, there were seven sizes representing only 175 tires. The next order was for one individual size and representing only 175 tires. The next order was for one individual size and represented 800 of one particular size. In the first order there were sizes that are obsolete almost to-day, such as 42 x 5. Consequently, to get these few tires down, which represented one size, in about five or six sets, new moulds had to be made which were rushed night and day to get through.

Q. How many did you have to make in that way?—A. There was a total of 175 and we had to make ten of that one size alone, which necessitated a brand new equipment. Then again, the order had to be completed in a very few days. We did not know and did not anticipate there was going to be any extra rush and so we had to get steel in by express, and we had to work night and day and put an extra gang on to get the order done, and we had to express some of it into Montreal to catch the boat.

Q. That is ordinary business?—A. No.

Q. Is it extra expense?—A. Yes, there was certain extra expense attached to it, working night and day. That order, in the general conditions of the rush, would represent at least ten to twelve and a half per cent extra on top of the second order that was taken for 600 or 700 tires of the one size.

Q. What discount did you allow—I do not mean how many tens and fives—but what discount would you give to a jobber or the owner of five trucks?—A. The price we gave them was the very best discount that was ever given to any one in Canada, with the exception of five per cent to a manufacturer.

Q. Was that the discount that would be allowed to the owner of five trucks?—A. No, sir, it was allowed to a manufacturer, 40 three 10ths and a five.

Q. It is not quite the manufacturer's discount?—A. All but five per cent and that five per cent was taken up by the extra sizes. In other words, no one in Canada bought at a cheaper price than the Government bought for at that time.

Sir CHARLES DAVIDSON: Did you sell to the Government or to the Russell Company?

The WITNESS: To the Russell Motor Car Company.

Sir CHARLES DAVIDSON: Did they make a profit?

The WITNESS: I do not know, but I know that Mr. Russell stated yesterday that they made no profit whatever. On the basis of the statement which I saw in the newspaper this morning he did not make any profit on that transaction.

Sir CHARLES DAVIDSON: I cannot quite understand how that afterwards you reduced your price so considerably on these very purchases.

The WITNESS: No, sir, there was no reduction on these tires.

[Ottawa, Rubber Tires—Northam.]

By Mr. Thompson, K.C.:

Q. If you afterwards reduced your price very considerably, how is it that the American tires were not supplied in Canada when you were charging high prices, to the extent of \$100 per set more?—A. The American price was high at that time.

Q. Do you mean to say that when you supplied tires to the Government, through Mr. Russell, the American price would have been exactly the same?—A. No, in the States it was a little lower than in Canada.

Q. I want to know what the American companies could have supplied tires for to Canada at the time you supplied them?—A. Forty and five 10ths and five for each.

Q. That does not tell us anything?—A. It is the difference between 40 and three 10ths and five, just two 10ths difference.

Q. What would that represent in dollars and cents?—A. Forty dollars, about.

Q. That is, the American price would be \$40 cheaper?—A. Yes, without any duty.

Sir CHARLES DAVIDSON: And with the duty?

The WITNESS: It would be \$35 more than that. I could give you a concrete case if you would allow me.

Sir CHARLES DAVIDSON: I won't allow you at the moment, my question now is, how much in dollars would the duty represent?

The WITNESS: The difference between the American price at that time and the laid-down price, would have been \$90, in Canada.

Sir CHARLES DAVIDSON: That is, the laid-down price in Canada, at the American price, would have been \$90 cheaper than your laid-down price in Canada?

The WITNESS: No.

By Mr. Thompson, K.C.:

Q. If I wrote to the United States and asked to have delivery in the Parliament Buildings, Ottawa, of 1,000 set of tires, f.o.b., and I wrote to your company at the same time and asked for a thousand set of tires, f.o.b. Parliament Buildings, Ottawa, which set of tires would cost me more and how much more?—A. The American price would cost you about \$50 a set more.

Q. The American tires would cost me more?—A. Yes, sir, f.o.b. Ottawa.

Q. According to your statement, if that is correct, Mr. Russell saved \$50 a set in August, 1914, by buying your tires instead of buying the American tires?—A. Yes.

Q. That is the effect of your evidence?—A. Absolutely.

Mr. RUSSELL: You include in that the duty on the American tires into Canada?

The WITNESS: Certainly, Mr. Thompson asked me f.o.b. Ottawa.

Sir CHARLES DAVIDSON: Where do you buy rubber?

The WITNESS: In England and the United States.

Sir CHARLES DAVIDSON: But London is the rubber market for the world.

The WITNESS: It is under normal conditions, but it is not always normal to obtain rubber there.

Sir CHARLES DAVIDSON: In your evidence at page 949, Volume II, you stated that rubber was \$1.20 a pound during the first part of the war.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Mr. Carlisle stated yesterday that it was 53 cents to 63 cents for latex crepe, and that it was 63½ cents for smoked sheets; did you pay \$1.10?

The WITNESS: Yes, on the 7th day of August, which was contracted for in August, 1914, we paid Johnston and Whitworth, for ten tons of light brown crepe 75 cents a pound; on August 13, to Henderson & Korn, New York, we paid for 33 cases of para, \$1.10 per pound; on August 4, we paid Johnston and Whitworth for caoutchouc balls, which enters into the manufacture of truck tires, seventy cents a pound. At that time, particularly, we could not get rubber from London. We could not get rubber in

[Ottawa, Rubber Tires—Northam.]

London in August and September because no shippers would take any chances out of London, and while our methods of buying may be somewhat different from another company, another company might have more in stock than we had at the time, but our policy is to protect the sale by purchasing rubber.

By Mr. Thompson, K.C.:

Q. When you had to meet the American price and give a greater discount, will you tell me what that worked out at per cent; not what the extra discount worked out at, but how much cheaper per cent you then sold compared with your price per set in August?—A. How much cheaper we sold the tires at in November than in August?

Q. Yes, state that approximately?—A. Approximately, \$100.

Sir CHARLES DAVIDSON: They actually did sell to Canada in August.

The WITNESS: A few sets of different sizes which made a difference in their price.

By Mr. Thompson, K.C.:

Q. You told me before that the American tires would have been about \$50 per set more?—A. Yes, in August.

Q. Laid down in Canada?—A. Yes.

Q. You eventually increased your discount in order to meet the American price in Canada—did the American price of tires drop after August?—A. Yes.

Q. How much did it drop?—A. The discounts were between thirty and forty per cent greater. The difference between the first price and the subsequently decreased price was brought about by having to meet the American conditions, which conditions had changed by approximately between thirty per cent and forty per cent in the discounts.

Q. And further, was it not that the American tires for the Militia Department were being imported free of duty?—A. Yes, that is so.

Q. So that you had to meet the American price f.o.b. Canada, without duty added?—A. Yes.

The witness retired.

Lieutenant-Colonel EMMETT CLARKE, already examined, recalled:

By Mr. Thompson, K.C.:

Q. Colonel Clarke was requested to telegraph to Regina to the Remount Department to have the files sent down here; did you do so, Colonel Clarke?—A. In the Quartermaster-General's name a telegram was sent to the District Officer commanding at Winnipeg, asking for all records in connection with the appointment of Will Grant to the remount service, and asking him to hasten the reply. The reply came to the Quartermaster-General, to the effect that Will Grant, from what is known there, was appointed as foreman in the Regina stables, and the private files in connection with the Remount Department in the West were sent to England to Colonel McRae by one of his staff in Regina.

Q. Have you the date of the correspondence?—A. We have not seen any of the correspondence.

Sir CHARLES DAVIDSON: The records are all in England?

The WITNESS: That is what I understand now, sir.

Sir CHARLES DAVIDSON: Look at this letter of Colonel McRae, dated February 4, 1915.

The WITNESS: This letter of Colonel McRae, dated February 4, 1915, would be to appoint him as practically a foreman. I am referring now to Exhibit No. 284, a [Ottawa, Horses Generally—Clarke.]

letter from Colonel McRae to Will Grant, dated February 4, 1915, which purports to appoint him officer in command of the mobilization stable at Regina.

Sir CHARLES DAVIDSON: Can you state the system that was adopted with respect to the purchase of horses, the details that had to be given as to each horse, how the cheque was to be given for each separate horse purchased; have you any records in your office as to that?

The WITNESS: As to the procedure, yes, sir; that is carried out in the East, but not in the West. I have the instructions to buyers as to what to avoid and what to try to obtain in the purchase of the horses.

Sir CHARLES DAVIDSON: Does that go back to September?

The WITNESS: No, it goes to the time that Sir Adam Beek was appointed in December.

Sir CHARLES DAVIDSON: Have you anything on record with regard to August?

The WITNESS: No, sir.

Sir CHARLES DAVIDSON: Where are Colonel Steele's records?

The WITNESS: I cannot say where they are.

Sir CHARLES DAVIDSON: They would not be in your department?

The WITNESS: They ought to be, sir.

Mr. THOMPSON: Are you in charge of that department.

The WITNESS: I am carrying it on, yes, sir.

Mr. THOMPSON: Have you looked for these papers?

The WITNESS: Yes, sir.

Mr. THOMPSON: And there is nothing to be found?

The WITNESS: There is nothing in the department.

Sir CHARLES DAVIDSON: There must be something in existence somewhere.

Colonel CLARKE: I do not know what is in existence or what is not; I have never seen any of these records at all.

Mr. THOMPSON: Copies of the instructions were produced in Nova Scotia, purporting to come from Colonel Neill's department.

Sir CHARLES DAVIDSON: Surely they are in the office?

The WITNESS: No, sir. I have looked everywhere for them. I have no doubt that instructions were published and given out but as to copies being on file in the office I cannot find them.

Mr. THOMPSON: I have a note here, with reference to the investigation at Summerside, Moncton and Dorchester, to procure copies of correspondence, if there is any, showing that Major Anderson was authorized to pay more than current prices, namely, \$170 per horse. You will recollect, sir, that the price paid by Major Anderson was about \$225 per horse.

Sir CHARLES DAVIDSON: For some horses.

Mr. THOMPSON: They averaged that, sir, they ran up to \$250 and \$300 for some. I have also a note here to have his cheque-books or stubs produced from the department and I will give that to Colonel Clarke to procure them.

The witness retired.

T. A. RUSSELL, Russell Motor Car Company, Toronto, already examined, recalled:

Examined by Mr. Thompson, K.C.:

Q. I think your company charged \$62 each for the first bicycles you sold to the department, \$55 each for the second lot—have you since then supplied any other

[Ottawa, Bicycles—Russell.]

bicycles?—A. Yes, I forget the date, but it is since the last meeting of this Commission, at any rate.

Q. Was that under Colonel Thomas' order?—A. Yes.

Q. What style of bicycle did you supply?—A. The same as before.

Q. What was the equipment?—A. The same as before.

Q. Was everything identically the same?—A. Yes, as far as I know.

Q. What price did you receive from the department for these bicycles?—A. \$47.50.

Q. I think that was the price that Major Thomas stated in his evidence would be a fair price—now, Mr. Russell, you stated that the reason for the comparatively high price at first was due to the fact that the bicycles had to be re-enamelled. At page 707, Volume I of the evidence, you said:

Then there is the extra cost of enamelling. Not only has the bicycle to be enamelled of a different colour, but the handle-bars, which are nickel, and the lamps which are nickelled, and the cranks, and all the different equipment had to be enamelled.

We have here before us one of your bicycles, supplied to the Militia Department, and it would appear that that bicycle is not enamelled but painted, or air-dried, which apparently is quite different, according to the expert's testimony, from enamelling.

Sir CHARLES DAVIDSON: Mr. Russell, in your testimony, you testified that they were enamelled.

Mr. RUSSELL: I did.

Mr. THOMPSON: And that there is a difference between enamel, which is baked on, and enamel, which is air-dried.

Mr. RUSSELL: The situation is that the bicycles were all enamelled, that the enamel was baked on, in the ordinary process, with the exception of the following items: namely, the lamps, as to which our foreman reported there was a certain amount of solder in, and if it was baked in the oven it would melt it, the same with the bell; the pump is air-dried enamel because there are rubber valves in it, the saddle is air-dried because the leather is riveted to it, and if that were baked in the oven it would ruin the leather, and the pedals are air-dried because they come to us assembled with rubber footpads in them, and the heat would destroy the rubber. With the exception of these items, all the rest of the bicycle was, as I understand, baked on in the regular process.

Sir CHARLES DAVIDSON: Let Mr. Russell look at the body of that bicycle there and see.

Mr. THOMPSON: Look at the frame of that bicycle and say if the enamel is baked on the bicycle. This is a bicycle which has been taken from stock in the Militia Department.

Mr. RUSSELL: That is baked on.

Mr. THOMPSON: The evidence was that enamel which is baked on would not wash off with gasoline and that the other enamel would, and in the bicycle before you gasoline has taken off the green, but did not affect the black enamel underneath which was baked on. What do you say about that?

Mr. RUSSELL: That the statement that gasoline will not take off enamel that is baked on is incorrect and that a comparison of the results with gasoline on the black enamel and on the green enamel is no comparison at all. Black enamel is made from an asphaltum base which has no similarity whatever in its chemical construction, and it is a well-known thing in the trade that the black enamel holds its lustre better and is very much harder to remove than the green enamel. In addition to that, we would have followed our regular practice on that bicycle of putting on a varnish coat, as we always do over any colour enamel, but we understood that it gave a glare on the bicycle which was objectionable from a military standpoint, and, consequently, that was not done on the green military bicycle. In ordinary commercial practice we would do that. But the comparison of the losing qualities between black enamel and any other

colour enamel, other than black, is not a fair comparison. May I say with regard to that, that there was never a criticism with regard to the finish of these bicycles. They were inspected here, they were inspected at our works, they have been inspected since, and there never was a suggestion of improper enamel until it was made before the Commission here.

MR. THOMPSON: But your explanation of the high price was that the bicycle for the Militia Department had to be re-enamelled, and that explanation would not hold water, if as a matter of fact, the bicycles were simply brushed.

MR. RUSSELL: Our own cost of enamelling a special colour bicycle is \$3.40, if it has not been enamelled another colour before. The one goes through a big vat which is divided for dipping them and they are dipped in quantities and hung up. The others are sent to a special department and hand-brushed.

SIR CHARLES DAVIDSON: Your statement originally was that the whole of these parts you referred to to-day were enamelled.

MR. RUSSELL: Yes, and that is still correct. The only difference is that in the one case the enamel is baked on under heat, and in other that these five parts that would be damaged by heat were air-dried.

MR. THOMPSON: Do you call that enamel?

MR. RUSSELL: Exactly.

MR. THOMPSON: And as permanent as the enamel which was baked on?

MR. RUSSELL: No, we do not consider that the enamel which is air-dried is as durable as the baked enamel, but it is impracticable to bake on the enamel in the case of the saddle or the pedals.

SIR CHARLES DAVIDSON: A witness who came before us said it was ordinary paint that was put on.

MR. RUSSELL: If he said it was ordinary paint he misstated it.

MR. THOMPSON: One witness here stated that it was air-dried enamel; I understand there is a difference between paint and enamel.

MR. RUSSELL: Quite.

MR. THOMPSON: He stated it was air-dried enamel.

MR. RUSSELL: Yes.

SIR CHARLES DAVIDSON: A cheaper form of work.

MR. RUSSELL: No, not cheaper. There is no real difference between doing it baked or not baked, but it is impractical, as you can see, to do a lamp with solder in it or a saddle with leather in it, without damaging them.

MR. THOMPSON: Then, why are bicycles made with baked enamel instead of air-dried enamel, is not baked enamel more durable?

MR. RUSSELL: Yes. But it is not practicable to do it on these parts I have mentioned after the bicycle is made up. The saddle, for example, comes to us put together. If we put the pedals, or the saddle, or the pump in, it would ruin them. These things have a very durable nickel plate between them. There is no question about the durability of it. All the rest of the bicycle, except these parts which are comparatively small, and for which there is a special reason for not doing so, was baked up.

SIR CHARLES DAVIDSON: You say that the green is baked on?

MR. RUSSELL: The green is baked on, but the comparison as to rubbing off with gasoline, between black and green enamel, does not hold.

MR. THOMPSON: I understood you to say, Mr. Russell, that this bicycle was a special bicycle, but so far as I can see, the evidence is that there is nothing special about it, except that it is green instead of black, because we have here before us a bicycle which was purchased over the counter for \$32.

MR. RUSSELL: I think I was careful in my evidence to explain just what was special about it. It is pretty well all set forth in the evidence.

Mr. THOMPSON: Special in what?

Mr. RUSSELL: The wheels are special, the rims are steel rims.

Mr. THOMPSON: There is no extra cost in that.

Mr. RUSSELL: Yes, there was quite a considerable extra cost.

Mr. THOMPSON: Do you mean to say the steel rims cost more?

Mr. RUSSELL: They did, very much more. As I pointed out that time, we only use steel rims in Canada in nickel-plated frames, and when this order came we had to use steel rims which had already been nickel-plated by us.

Mr. THOMPSON: That only applied to the first order.

Mr. RUSSELL: It applied to all of the first order and to some part of the second. Lately we have carried a small stock of steel rims in view of any other requirement. When we received this first order we had only made one of these bicycles in 1912.

Mr. THOMPSON: And you sold to the Government at the price you quoted a year before?

Mr. RUSSELL: That was two years before, 1912.

Mr. THOMPSON: And when they asked for a delivery of these bicycles, you quoted them the old price?

Mr. RUSSELL: Yes.

Sir CHARLES DAVIDSON: What do you say to this evidence given by Lieutenant-Colonel W. O. Thomas. I quote from page 1124 of the evidence, Volume II:—

I would like to say, while I have these bicycles in my hand now, that a great many of the parts are, as Mr. Russell stated, re-finished, but they are re-finished over the nickle; that is to say they are simply painted. If you will notice, you will see that the paint is just daubed on and easily rubbed off, that the bicycle itself was started as a track bicycle. It has only a first coat on it, and then, instead of having a second coat, it is ordinary green paint, which is not baked on and which is easily washed off. You will notice where the green paint is washed off, although the black enamel which is baked on is not in any way affected by the washing. I made that comparison because I wished to find whether there was any difference in value between them.

Mr. RUSSELL: I have already answered that the statement with regard to not baking on is incorrect, and the statement that it is ordinary paint is not correct. I think the Government inspectors would have detected anything like that if we were trying to do it.

Sir CHARLES DAVIDSON: His evidence is quite serious in other respects, as to excessive charges, according to his opinion, on your bicycles.

Mr. RUSSELL: I know he made out a statement that that bicycle ought to be sold for \$40. I think, and in the face of that, within a month, or not more than two months afterwards, he recommended the department to buy another 150 of these bicycles at \$47.50 each.

Mr. THOMPSON: That was \$4.50 below the price of your first sale of bicycles to the Government and \$7.50 under the price of your second sale.

Mr. RUSSELL: I want to make clear one thing and that is that I was not acting as a buyer at any time for the purchase of bicycles for the Government.

Sir CHARLES DAVIDSON: I know, but you were the Government agent for the purchase of these.

Mr. RUSSELL: No, I was not at any time acting for the Government in the purchase of bicycles.

Sir CHARLES DAVIDSON: Did you certify the accounts?

Mr. RUSSELL: No, I had nothing to do with it. All that I certified to in connection with bicycles was the receipt of 80 of them at Montreal for ocean shipment. They
[Ottawa, Bicycles—Russell.]

were purchased in the regular way by the department, and I, sir, had no more to do with the purchase of bicycles than you had. They were not included in the work that I was asked to do. The price was made by our company in 1912, before we had made them. After we had made the first lot, which were made quite in a hurry, our company, when I was in England, reduced the tender to the buying commission on the next lot, to \$55, and when the subsequent lot was ordered they further reduced the price to \$47.50, because we then had the tools made for the rifle-clip and the carriers and the special things on the bicycle.

Sir CHARLES DAVIDSON: You charged the price of the special tools for manufacturing the special parts to the Government.

Mr. RUSSELL: They were included in the cost of the first bicycles.

Sir CHARLES DAVIDSON: Was the nickel in all cases taken off?

Mr. RUSSELL: No.

Mr. THOMPSON: How is it that in your testimony you said that part of the extra cost was incurred through it being necessary to scrape this off and I understand it was not taken off?

Mr. RUSSELL: The extra cost of taking nickel off was very slight. It is just a question as to whether it is better practice to take it off or leave it on.

Sir CHARLES DAVIDSON: The point is as to your statement.

Mr. RUSSELL: If my statement was that the nickel was taken off all the parts, it is incorrect. I was not at the factory much at the time that these were completed, and I have cleared that up that the nickel was not taken off.

Mr. THOMPSON: Thomas in his testimony at page 1132 of Volume II says: That he would consider it reasonable if the bicycles had been bought by the department at \$45, covering the same article.

Mr. RUSSELL: Yes, and he certified to \$47.50 since. I do not suppose I need to elaborate, it is in the evidence already, that there was night work on the first order.

Sir CHARLES DAVIDSON: What is hand enamel as contrasted with dipped enamel?

Mr. RUSSELL: Hand enamel is put on with the brush and for the dipped enamel we have large tanks full of the enamel and the article to be enamelled is immersed in it. There is no real difference between one or the other. We only have enough work going through in black to justify having tanks full of the liquid, and all special colours are done by hand. I do not think there is any difference in value as between one and the other.

Mr. THOMPSON: At \$47.50 per bicycle, I presume that gives you a fair profit.

Mr. RUSSELL: Our cost on the last lot sold was \$40.40.

Mr. THOMPSON: Dodswell in his evidence said that the wooden rim cost about the same price as the steel rim.

Mr. RUSSELL: We make the wooden frame and import the steel frame, it depends on the conditions.

Sir CHARLES DAVIDSON: What is air-dried, is that ordinary paint?

Mr. RUSSELL: No, it is a different composition altogether. Ordinary paint is mixed with white lead as a basis, and if it is heated up it discolours. Enamels vary a great deal in their composition. Black enamel is different from every other kind. It has an asphaltum base. Coloured enamel has a base of varnish or japan which does not discolour under heat, but they are two entirely different substances.

Sir CHARLES DAVIDSON: The ordinary air-dried enamel is a special mixture put on with a brush?

Mr. RUSSELL: Put on with a brush, but the enamel on this bicycle is also put on the frame with a brush and then baked afterwards.

Sir CHARLES DAVIDSON: And the other is simply left to dry in the air.

Mr. RUSSELL: And on these parts which have solder, or leather, or rubber on them, it is left to dry in the air.

Mr. THOMPSON: There is nothing further, Mr. Russell, do you wish to make any further statement.

Mr. RUSSELL: I want to make clear with regard to the bicycles that at no time had I any connection with the purchase of them.

Sir CHARLES DAVIDSON: You have made that clear.

Mr. RUSSELL: I think I have. With regard to the other purchases, reference was made, when I was here before, as to my acting in some matters in the dual capacity of buyer for the Government and supplier, by reason of the fact that our company supplied certain things. I did not seek that position, it was, you may say, forced on me. I tried to interpret that in this way, that our company were permitted to sell goods as other people were and that it was my duty to see that they did so on the same basis, as far as cost and conditions go, as I bought from others. I do not think I have any further statement to make. I think, sir, that the questions you have brought up have covered pretty nearly all my activities.

Mr. THOMPSON: When you purchased from your own company, and at the same time purchased similar articles from other companies, did you obtain the same discount from your companies as you did from the other companies?

Mr. RUSSELL: The same.

Mr. THOMPSON: Was there any preferential treatment?

Mr. RUSSELL: None. I tried not to have any and I do not think there was.

Sir CHARLES DAVIDSON: You see there was a contract given to the Massey-Harris Company for carriage bodies.

Mr. RUSSELL: Yes.

Sir CHARLES DAVIDSON: There was a contract given to your company and your company farmed it out again to the Massey-Harris Company who made their profit, and your company made their profit, and you certified to that account.

Mr. RUSSELL: I am very glad, sir, if that is in your mind, that you have raised that question, because you raised it before. I may not be able to construct the situation as it existed then.

Sir CHARLES DAVIDSON: Then the trailers is another thing.

Mr. RUSSELL: I have never had any feeling since, with regard to the Massey-Harris bodies, than that the procedure was the only one possible at the time. I was in Ottawa here; we were settling the number of trucks to be ordered from each company, and by the way they were going to be used in units. I had to go to Valcartier and so on, as I have explained. I sent the order to our company to make these bodies. I did not know whether they could make all of them but I thought they could make some of them. They knew how to design the body, the width and the clearance over the tires, and the height of the sides, and the general specification. They worked with the Massey-Harris Company on these specifications. They obtained the trucks so that the bodies could be measured and fitted to them from the various companies. They fitted the bodies to them afterwards to make sure they would fit, and when the accessories were ready that went with each truck unit, they fitted them. The gross profit our company made, without any allowance for the investment or the expense, we paid for the invoices when we got them from Massey-Harris, the gross profit we had on them was fifteen per cent and nothing whatever changed my opinion—no matter how it may look now—with regard to having the work done, that it was done in the very best possible manner, and if I had to do it again I would not do it in any different way.

The witness retired.

Mr. THOMPSON, K.C.: That is all the evidence I have for the afternoon, sir.

The Commission adjourned until to-morrow morning, Wednesday, January 5, 1916.

[Ottawa, Bicycles—Russell.]

OTTAWA, CANADA, Wednesday, January 5, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,
As Counsel, to aid and assist the Commissioner in the inquiry.

THOMAS P. OWENS,
Clerk of the Commission.

At the sitting of the Commission.

Mr. THOMPSON, K.C.: This morning I will call some wholesale dealers as to the prices paid by them for automatic pistols and revolvers.

T. M. BIRKETT, hardware merchant of Ottawa, sworn:

Examined by Mr. Thompson, K.C.:

Q. With regard to the sale of revolvers to the Canadian Government, the auditor general yesterday suggested the name of the Birkett Company and the Ketchum Company as being importers of these articles, and I call you now, Mr Birkett, to give testimony on that point—you are a member of the firm of Birkett & Son?—A. Yes, sir.

Q. Are you an importer of fire-arms?—A. Yes.

Q. Have you imported, within the last two years, any Colt's revolvers or Colt's automatic pistols?—A. Yes.

Q. What was the price paid by your company for Colt's automatic pistols?

Sir CHARLES DAVIDSON: Give the dates.

By Mr. Thompson, K.C.:

Q. When did you import Colt automatic pistols?—A. We imported Colt automatics on September 25, 1914, and on March 4, 1915.

Q. How many did you import on the 25th of September, 1914?—A. We only imported two, we are small dealers in those.

Q. What did you pay for them?—A. We paid \$18.50, less twelve and a half, less five, and less two.

Q. Making the net price per pistol how much?—A. \$15.06 f.o.b. Hartford, Conn.

Sir CHARLES DAVIDSON: I would like to know the kind and quality, if there is any distinctive mark.

The WITNESS: 45 calibre Government model, automatic pistol.

By Mr Thompson, K.C.:

Q. How many of these did you import on March 4, 1915?—A. Two.

Q. What were they?—A. Two 45 calibre automatic pistols, Government model.

Q. What was the price?—A. \$18.50 each, less twelve and a half, less five, less two.

Sir CHARLES DAVIDSON: You purchased them at the same price as you purchased the others?

The WITNESS: Precisely.

7131—136½

[Ottawa, Automatic Pistols—Birkett.]

Sir CHARLES DAVIDSON: Making a net price of what?

The WITNESS: \$15.06 f.o.b. Hartford.

By Mr. Thompson, K.C.:

Q. When did you import Colt's revolvers?—A. September 2, and September 8, 1914.

Q. How many did you import on September 2, 1914?—A. We imported fifty 5½ inch .455 Ely, new service, revolvers, at \$14 each, less ten, less two.

Q. Making a net price of how much per revolver?—A. \$12.34½.

Q. What kind were these revolvers?—A. Five and a half inch barrel .445 calibre, Ely new service revolvers.

Q. Is that known as the Colt revolvers?—A. Yes.

Q. How many did you import on September 8, 1915?—A. 100.

Q. What were these?—A. Exactly the same, 5½ inch .445, Ely new service revolver, at \$14 each, less ten and less two.

Q. Did you pay the same price for them as for the others?—A. Yes.

Q. Supposing you had imported 2,000 or 3,000, would you have obtained a greater discount or would you have the same discount?—A. So far as I know, we would obtain precisely the same discount.

Q. I understand you are wholesalers?—A. Wholesale only.

Q. What do you sell the automatic pistol at wholesale?—A. I am not quite clear on that, Mr. Thompson, but I think the price is \$21.50 or \$24, it is between the two. I can get you the exact information as to that, I did not know you wanted me to testify as to that this morning.

Mr. THOMPSON: The duty and freight have to be added on to the price you get these revolvers at?

The WITNESS: Yes.

Mr. THOMPSON: What do you sell the revolver at?

The WITNESS: The revolver sells, I think, at \$18.

The witness was not further examined.

GEORGE EASDALE, Manager, Ketchum Sporting Goods Company, Ottawa, sworn:

By Mr. Thompson, K.C.:

Q. Is you company an importer of firearms?—A. Yes, sir.

Q. Have you imported Colt's revolvers .445 calibre?—A. Yes.

Q. Have you any invoices for them?—A. I have not imported any Colt's .445 service since before the fire, and the invoices were destroyed by fire in our establishment, but I have here a list of the wholesale prices. Our invoices up to last December were all destroyed in the fire.

Q. How many automatic pistols did you import on March 6, 1915?—A. One.

Q. That was a 45 calibre, Government model, Colt pistol?—A. Yes.

Q. What did you pay for it?—A. I paid \$18.50, less twelve and a half per cent, and two per cent.

Q. That is the same as the Birkett price?—A. Yes, I think so.

Q. Let us take another one, November 8, 1915, how many did you import then?—A. We imported two 45 automatic pistols Government model, price \$18.50, less twelve and a half per cent and two per cent.

Q. Is that a Colt pistol?—A. Yes.

Q. That was the same price as the other you imported?—A. Yes.

Q. Were your other importations at the same price and with the same discount?—A. Yes. I might mention, of course, that although we only import one or two at a time, we are on the wholesale list, and I get the same price as the wholesalers do.

[Ottawa, Automatic Pistols—Easdale.]

Q. What do you sell the Colt automatic pistol at by retail?—A. Thirty dollars, retail.

Q. Now, take the Colt revolver, what price do you pay for the Colt revolver?—A. If I had the invoices, the price would be \$14 less ten per cent.

Q. Less ten per cent?—A. Ten per cent and two for cash.

Q. What do you sell the Colt revolver at?—A. We sell the Colt revolver at \$25 less ten per cent, that is to the officers, we give the officers ten per cent off.

Q. And with the automatic pistol you only sell one magazine?—A. With the automatic pistol I think there is only one magazine.

Sir CHARLES DAVIDSON: Can you speak of the prices between September and November, both inclusive, 1914?

The WITNESS: The prices were the same then as I am giving you now.

The witness retired.

H. W. BROWN, director of contracts, Department of Militia and Defence, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Q. What have you in the files of your department with reference to these purchases of service revolvers in September?

Sir CHARLES DAVIDSON: Let me ask you, initially, are you aware of the correspondence between the auditor general and the Militia Department?

The WITNESS: I know there has been correspondence, but I have not seen it lately, and I do not remember it. I have seen it but I do not remember what it was.

Sir CHARLES DAVIDSON: Then you had better look at the correspondence.

The witness looked at the correspondence filed by the auditor general.

The WITNESS: Yes sir, I have seen these letters.

By Mr. Thompson, K.C.:

Q. Would you produce from your files the document showing how this contract for Colt's automatic pistols and revolvers was given?—A. So far as I know, there were no orders given for revolvers. The only orders I know of, I am speaking from memory, were orders for automatic pistols.

Sir CHARLES DAVIDSON: The revolvers were only a small matter compared with the other. I think there were just seventy of them purchased, and you will recollect,

Mr. Thompson, that it was said that these were handed over to the Sifton battery.

By Mr. Thompson, K.C.:

Q. What orders were given for automatic pistols?—A. The first order is one for 1,000 automatic pistols given on the 5th of September to Colonel J. W. Allison, by authority of an order-in-council of that date. I have the order-in-council here before me.

Sir CHARLES DAVIDSON: You might read that.

The WITNESS: The order-in-council is as follows:—

P.C. 2319.

Certified Copy of a Report of the Committee of the Privy Council, approved by His Royal Highness the Governor-General on the 5th of September, 1914.

The Committee of the Privy Council have had before them a report, dated 5th September, 1914, from the Minister of Militia and Defence, recommending

[Ottawa, Automatic Pistols—Brown.]

that he be given authority to purchase for the Canadian military forces, 1,000 automatic pistols, 45 calibre, at a price not exceeding \$18.50 each; and 10,000 rounds of ammunition therefor, at a price not exceeding \$40 per 1,000 rounds.

The Committee advise that the requisite authority be granted accordingly.

(Sgd.) RODOLPHE BOUDREAU,
Clerk of the Privy Council.

The Honourable
The Minister of Militia and Defence.

In accordance with that Order in Council, and in accordance with verbal instructions which I got from the Deputy Minister of Militia, I wrote Colonel J. Wesley Allison, Morrisburg, Ontario, the same day, namely the 5th of September, as follows:—

OTTAWA, September 5, 1914.

SIR,—

I am directed to request you to be good enough to procure and supply to this department, at as early a date as possible, 1,000 automatic pistols, 45 calibre, at a price not exceeding \$18.50 each; and 10,000 rounds of ammunition therefor, at a price not exceeding \$40 per 1,000 rounds; subject to any instructions, verbal or others, which you may have already received. Shipping instructions will be furnished later on. The invoice, in triplicate, should be sent to the undersigned.

I have the honour to be, sir,
Your obedient servant,

(Sgd.) H. W. BROWN,
Director of Contracts.

Colonel J. Wesley Allison,
Morrisburg, Ont.

This was signed by me and the same day it was handed to Colonel Allison, I think, the same day as the recommendation to Council, and the order-in-council.

Mr. THOMPSON: What followed?

The WITNESS: On the 15th of September—

Mr. THOMPSON: These were supplied?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: These are the ones mentioned in the statement supplied by the auditor general?

Mr THOMPSON: Yes.

The WITNESS: Perhaps I should read a letter of Colonel Allison's, of the 18th of September, about this. He says in this letter:—

J. WESLEY ALLISON.
Morrisburg, Ont.,

Colonel H. W. BROWN,
Director of Contracts,
Department of Militia,
Ottawa, Ont.

September 18, 1914.

Dear Colonel BROWN,

Enclosed herewith please find invoice in triplicate for 100 M cartridges, 45 automatic Colt pistols with 230 grain bullet, at \$19 per M. This is a lower price than they are quoting to anybody else.

Kindly remit to them direct. I also enclose bill for 1,000 Colt's Automatic 45 cal. pistols. This is \$3.50 per thousand less than they sell to others.

I have shipped the above goods to Valcartier, the last lot going to-day.

Yours very truly,

(Sgd.) J. WESLEY ALLISON.

Mr. THOMPSON: Have you any further letters?

The WITNESS: That is all with regard to this particular order. There was another order given under exactly the same circumstances on the 8th of October.

By Mr. Thompson, K.C.:

Q. Are you now referring to the order-in-council or what?—A. An order given to the Colt's Company. There was one on the 5th of September, one on the 8th of October, and one on the 24th. There was one on the 5th of September which I have just mentioned and one on the 8th of October for 3,000.

Q. What is the one on the 24th of October for?—A. For 3,000.

Q. These were all given under orders-in-council previously passed?—A. I am just looking at the order-in-council, I have it here. There is an order-in-council on the 17th of October, under which the order of the 24th of October was given.

Q. Is that in the same terms as the last order-in-council which you have read?—A. Exactly in the same terms. Then there is an order-in-council dated on or about the 8th of October—I have the recommendation to Council of the 22nd of September here but I do not seem to have the order—that was in the same terms.

Q. Is there any other correspondence?—A. There is a good deal of correspondence but I have not gone through it all; it is mostly with regard to other matters.

Q. Did your branch have anything further to do with these automatic pistols?—

A. We had to do with the payment of the accounts, later on.

Q. Did you certify to the accounts in accordance with the order-in-council?—

A. Yes.

Q. Were the three orders for automatic pistols given direct to the Colt's Company or were the three given to Allison, or what was the manner of giving them?—A. The first order of the 5th of September was given to Colonel Allison. The second one of the 8th of October was given to the Colts company direct, and the order of the 24th of October was given to Colonel Allison.

Q. Why was that, why were they not all given to Colonel Allison or all to the Colt's Company direct?—A. I could not say just now why the order of the 8th of October was given to Colts, but I know that the other two orders were given to Colonel Allison. I was acting on instructions. The first order I got verbal instructions from the deputy minister to give it to Colonel Allison. Colonel Allison was standing alongside. The order of the 24th of October I cannot say about because I should have to look up the papers.

Q. There are three orders given out by you pursuant to the different orders-in-council?—A. Three different orders-in-council previously passed.

Q. Did this cover all the revolvers and pistols according to this list furnished to the Commission by the auditor general yesterday?—A. These are all the orders I have any record of.

Sir CHARLES DAVIDSON: Will you see if your totals agree with the totals in the statement furnished by the auditor general.

The WITNESS: Yes, they figure up 4,898, or 5,000, with two pistols that have been allowed for.

By Mr. Thompson, K.C.:

Q. Now, the prices paid by the Government were evidently much higher than the Birkett Company pays or than the Ketchum Company pays, even when they only buy in lots of two pistols, why was that higher price paid?—A. I cannot tell you. As to the order given on the 5th of September, it was an extremely urgent thing, I understand, but I was simply following instructions there. I was told to draft this recommendation to Council and give this order to Colonel Allison, and I did so. The thing was all done in one day.

Q. When you say you drafted the recommendation, you refer to the recommendation to Council?—A. Yes.

Q. And when the order-in-council was passed, on the same day you gave the order to Colonel Allison?—A. Yes, he was in town at the time and it was handed to him. It was handed to Allison by me, in the presence of the deputy minister. The whole transaction was done on instructions which I received from the deputy minister.

The witness retired.

T. M. BIRKETT, wholesale merchant, already sworn, recalled:

Mr. THOMPSON: Have you the wholesale price list of the Colts company for revolvers?

The WITNESS: Yes, there are several sizes mentioned in this list.

Sir CHARLES DAVIDSON: The value of that list would depend on its date.

The WITNESS: It is dated May 1, 1914.

Sir CHARLES DAVIDSON: That is the only one you have?

The WITNESS: That is the only one I have.

Sir CHARLES DAVIDSON: Is there any variation of prices since?

The WITNESS: Not that we have had any information of. The discounts remain the same and the prices until this year, when the war tax was imposed.

By Mr. Thompson, K.C.:

Q. The prices of the Colt's people would remain the same, but you have to pay more on account of the increased war custom duty?—A. Yes.

Q. The wholesale price of the 45 calibre, also called the .45 Ely revolver, is what?—A. \$14.

Q. What is the price of the automatic pistol, Government model, 45 calibre?—A. \$18.50.

Q. Where is the discount mentioned on this?—A. There is no discount mentioned on that—all discounts remain the same.

Q. It is not mentioned on the price list?—A. No, that is all we have.

Q. Why is it the Colt people do not mention in their wholesale list the amount of the discount they allow?—A. I cannot say.

Sir CHARLES DAVIDSON: Did you know what price you were going to pay for these revolvers and pistols when you ordered them?

The WITNESS: I presume so, I am not positive, I did not buy them.

Sir CHARLES DAVIDSON: There is no mention made in the price list of a discount?

The WITNESS: No.

By Mr. Thompson, K.C.:

Q. There is a letter attached to this price list from the Colts company to Thomas Birkett & Sons company, dated March 1, 1915, and it says:

On account of the change in duty on Colts pistols and revolvers from 30 to 37½ per cent would you kindly note the following minimum resale price, which we wish you to put in force at once.

It is not a fact that the manufacturers arrange, with the people who buy from them in Canada, as to the price they shall be retailed at?—A. The prices are controlled by the revolver association of the United States, as far as I know.

Q. The price at which you sell is controlled by the manufacturers?—A. Yes.

Q. And they add here:

We have not made any change in list prices or discounts. Revised resale prices simply covering the advance in duty.

[Ottawa, Automatic Pistols—Birkett]

Sir CHARLES DAVIDSON: Are you a wholesaler, Mr. Birkett?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Ketchum and Company are retailers.

The WITNESS: I do not know about that, they do some wholesale business.

Sir CHARLES DAVIDSON: I was going to ask you to explain how it was that they were on the wholesale list also, if they are retailers, because Mr. Easdale described them as retailers.

The WITNESS: They are very large users. There are some cases where there are sporting houses where they employ travelling salesmen, they are added to the wholesale list.

By Mr. Thompson, K.C.:

Q. Have you any of these revolvers in stock here?—A. I do not think so, I may have one.

Q. Have you any of the pistols in stock yet?—A. No, not one, it is something you cannot get very well to-day. It is very hard to procure them on account of the large war purchases.

Sir CHARLES DAVIDSON: Still?

The WITNESS: Yes, sir.

Sir CHARLES DAVIDSON: Did the British Government buy a lot of these pistols from Colts?

The WITNESS: I cannot say.

Sir CHARLES DAVIDSON: Are these the only two purchases you made from the Colts?

The WITNESS: These are absolutely all the purchases we made in the these years, 1914, or 1915.

Sir CHARLES DAVIDSON: Did you make any purchases before 1913?

The WITNESS: I cannot say, I did not go back that far.

This concluded the examination of the witness.

Sir CHARLES DAVIDSON: What next, Mr. Thompson?

Mr. THOMPSON: That is all for this morning, sir.

Sir CHARLES DAVIDSON: I had a question to put to Mr. Brown concerning that memorandum of the auditor general.

Mr. THOMPSON: With reference to the purchase of automatic pistols and revolvers, I wish to say that the Deputy Minister of Militia is ill and my information this morning is that it will be probably two or three weeks, or possibly longer, before he returns. I purpose obtaining his evidence with reference to pistols and revolvers.

The Commission then adjourned until to-morrow morning, Thursday, January 6, 1916.

OTTAWA, CANADA, THURSDAY, January 6, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,

Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

At the sitting of the Commission:

MR. THOMPSON, K.C.: Mr. Brown has examined his files more carefully with regard to the purchase of automatic pistols and revolvers, which was before you yesterday, sir. I have asked him to prefer copies of the correspondence which refer to the three different orders placed with the Colts company. Mr. Brown also wishes to correct one or two statement made by him yesterday which statements were made when the files were not before him.

H. W. BROWN, director of contracts, re-examined:

MR. THOMPSON: Will you please make your statement, Mr. Brown?

MR. BROWN: I have copies of the papers here relative to each of the three orders which were given for the Colts pistols. I came up yesterday on very short notice, and was not able to examine the papers before I came up, and, consequently, I made one misstatement. There were two orders-in-council authorized for the purchase of 3,000 pistols in each case. My statement yesterday was that there was one order-in-council for 1,000 and another order-in-council for 3,000, and a third order-in-council for 3,000, which would be 7,000 altogether. That was not correct. There were two orders-in-council for 1,000 each, and one order-in-council for 3,000. Five thousand were ordered and five thousand were delivered and paid for, less two revolvers. I have here the papers including the copies of recommendations to Council and the orders-in-council, and the orders given to the contractor in each case.

MR. THOMPSON: Let us take the first order.

MR. BROWN: With regard to the first order, that is for 1,000 Colts pistols. I have here the recommendation to Council, dated the 5th of September, the order-in-council of the same date, P.C. 2319, and a copy of a letter of mine to Colonel Allison, of the same date, ordering 1,000 automatic pistols at a price not exceeding \$18.50 each, also a copy of a letter from Colonel Allison to Colonel Skinner, vice-president of the Colts company, of the same date, namely the 5th of September.

SIR CHARLES DAVIDSON: Would you read it now? I called your attention yester-

MR. BROWN: I had not it with me yesterday.

SIR CHARLES DAVIDSON: Would you read it now? I called your attention yesterday to the omission of the second order-in-council.

MR. BROWN: I have that now.

SIR CHARLES DAVIDSON: I said that obviously there must have been some other order-in-council.

[Ottawa, Automatic Pistols—Birkett.]

MR. BROWN: Yes, there was. I have here a letter, dated Ottawa, September 5, 1914, from J. Wesley Allison to Colonel Skinner, vice-president of the Colts company. That letter reads:

MINISTER'S OFFICE,

OTTAWA, Sept. 5, 1914.

Colonel W. C. SKINNER,
Hartford, Conn.

DEAR COLONEL,—

The minister has confirmed the order given you yesterday, for 1,000 of your No. 45 cal. Colt automatic pistols; to be shipped to me at Waddington, N.Y., as soon as possible.

Make your bill out to "Canadian Government" Department of Militia and Defence, and mail it to me immediately, and the Government will send you a New York draft for the total amount. An order-in-council was passed to-day for the amount.

The minister leaves for Valcartier to-night, and is going to take a few days to check up their entire requirements. He will let me know the last of the week what additional orders he wishes to place with you.

I will be in Morrisburg until Tuesday morning; Wednesday and Thursday at Hotel Seneca, Rochester, N.Y. Let me know where letter or wire will catch you the last of this and first of next week.

Hoping you are quite well and with kind regards.

Yours truly,

(Sgd.) J. WESLEY ALLISON.

MR. THOMPSON: I notice that letter says:

The Minister has confirmed the order given you yesterday for 1,000 of your No. 45 calibre Colt automatic pistols; to be shipped to me at Waddington, N.Y., as soon as possible.

Is there anything on your files showing that an order had been given to the Colt's Company, either verbally or in writing, the day previous to this letter?

MR. BROWN: No, there is nothing on file.

MR. THOMPSON: The letter is dated the 5th of September. Is there anything on your file showing that the order was placed with the Colts' company on the 4th of September?

MR. BROWN: No; that is apparently an order given verbally, if that statement in the letter is correct.

MR. THOMPSON: That closes the first order.

MR. BROWN: That is the first order of the 5th of September.

SIR CHARLES DAVIDSON: It was paid for on September 11.

MR. BROWN: The shipment was made on the 11th of September, 1,000 pistols, and it was recommended for payment, and presumably paid, on the 30th of September. That was the shipment in which there was this discrepancy of two pistols.

SIR CHARLES DAVIDSON: And these were credited? You received a credit for them?

MR. BROWN: There was a dispute there.

SIR CHARLES DAVIDSON: The auditor general stated you had received a credit for them.

MR. BROWN: Yes.

SIR CHARLES DAVIDSON: Colts deducted the price of these two pistols.

MR. BROWN: We deducted it when we were paying the account. We paid them for 998 pistols at that time.

Mr. THOMPSON: The first order was given to Colonel Allison, and it appeared yesterday that the second order was given to the Colt company. What do you find as to that?

Mr. BROWN: That is incorrect.

Mr. THOMPSON: To whom was the second order given?

Mr. BROWN: To Colonel Allison. I have the papers here.

Mr. THOMPSON: What do you find first on your file, with reference to the second order?

Mr. BROWN: The first thing is a telegram from General Hughes to Colonel Fiset, Deputy Minister of Militia, dated the 22nd of September, from Valcartier Camp.

Mr. THOMPSON: Read it.

Mr. BROWN: It reads:

G. N. W. TELEGRAM.

Valcartier Camp, Sept. 22, 1914.

Col. E. Fiset,

Ottawa, Ont.

Please have order-in-council for one thousand more Colts automatic pistols with necessary equipment for all. Rush Quebec.

SAM HUGHES.

In accordance with these instructions, a recommendation was made to Council the same day, the 22nd of September, signed by the Acting Minister of Militia and Defence, for 1,000 automatic pistols, at a price not exceeding \$18.50. On the same day the order-in-council was passed, P.C. 2426, in the terms of the recommendation. On the same day, the 22nd of September, a telegram was sent to Colonel J. Wesley Allison, Morrisburg, Ont., as follows:

G. N. W. TELEGRAM.

OTTAWA, Sept. 22, 1914.

Colonel J. WESLEY ALLISON,

Morrisburg, Ont.

Please ship thousand additional pistols, hundred thousand rounds ammunition. Must reach Quebec Saturday next without fail. Writing.

(Sgd.) H. W. BROWN,
Director of Contracts.

Mr. THOMPSON: That is pursuant, I presume, to the order-in-council.

Mr. BROWN: Yes, following the order-in-council. I may say that the urgency of that order, as I remember, was because the transports were expected to leave Quebec about the 26th of September and this was on the 22nd of September, and the minister wished to get these additional pistols before the ships left. The next document I have is a letter from me to Colonel Allison, of the 22nd of September, simply confirming that telegram which I sent him.

Sir CHARLES DAVIDSON: Read it.

Mr. BROWN: It reads:

OTTAWA, September 22, 1914.

DEAR COLONEL ALLISON,—

I telegraphed you this morning as follows:

"Please ship 1,000 additional pistols, 100,000 rounds ammunition. Must reach Quebec Saturday next without fail. Writing."

This, of course, is a repeat order, exactly on the same terms as the last.

Will you please give the matter your immediate attention and arrange for
[Ottawa, Automatic Pistols—Brown.]

delivery at Quebec, if at all possible, by Saturday next. The shipment should be consigned to Lt. Col. W. Hallick, Ordnance Officer, Quebec.

Yours faithfully,

(Sgd.) H. W. BROWN,
Director of Contracts.

Colonel J. WESLEY ALLISON,
Morrisburg, Ont.

Sir CHARLES DAVIDSON: Did you read the second order-in-council yesterday?

Mr. BROWN: That is the one that I did not read yesterday.

Sir CHARLES DAVIDSON: You had better read the second order-in-council.

Mr. BROWN: It reads as follows:

P. C. 2426.

*Certified copy of a Report of the Committee of the Privy Council, approved by
His Royal Highness the Governor General on the 22nd September.*

The Committee of the Privy Council, on the recommendation of the Acting Minister of Militia and Defence, advise that authority be given to purchase for the Canadian Military Forces, 1,000 automatic pistols, 45 calibre, at a price not exceeding \$18.50 each; and 190,000 rounds of ammunition therefor at a price not exceeding \$40 per 1,000 rounds.

(Sgd.) RODOLPHE BOUDREAU,
Clerk of the Privy Council.

The Honourable,
The Minister of Militia and Defence.

The next letter is a letter from Colonel Allison at Morrisburg, Ontario, dated September 29, 1914, to H. W. Brown, director of contracts, and it reads:

J. WESLEY ALLISON,
Morrisburg, Ont.

W. H. BROWN, Esq.,
Director of Contracts,
Ottawa, Ont.

September 29, 1914.

DEAR MR. BROWN,—

Enclosed herewith please find bills from the Colts Patent Fire Arms Mfg. Company for ten (10) feed belts and three hundred (300) pistols, delivered to the Minister at Quebec, on the 26th, or to Colonel W. Hallick, I do not know which.

Yours very truly,

(Sgd.) J. WESLEY ALLISON.

That refers to the first shipment on account of the second order. I have the invoices here. I have three papers here, which perhaps are not material; they relate to the delivery of the remaining 700 pistols and to the delay in payment. This has no reference to the order itself. It has reference to the delivery and payment of the remaining 700 of these pistols.

Sir CHARLES DAVIDSON: You had better read them.

Mr. BROWN: The first letter is from the Colts Patent Fire Arms Manufacturing Company of Hartford, Conn., dated December 14, 1914, and it reads:

[Ottawa, Automatic Pistols—Brown.]

COLTS PATENT FIRE ARMS MANUFACTURING COMPANY.

HARTFORD, CONN., U.S.A., December 14, 1914.

Mr. H. W. BROWN,
Director of Contracts,
Ottawa, Canada.

DEAR SIR,—Our Colonel Robinson has just returned from London, bringing with him a letter from Mr. J. Wesley Allison, from which we quote as follows:

"These guns and pistols were ordered by the minister, confirmed by a letter to me by Brown, copy of which you have at your office. They were shipped by me from Morrisburg (Waddington). These goods were all shipped to Colonel Sam Hughes, Minister of Militia and Defence for Canada, to Valcartier, P.Q., Canada, and on receipt of same were acknowledged by Colonel Murphy, chief purchasing agent. Colonel Murphy also reported the receipt of these shipments to Director of Contracts Brown, and Mr. Brown acknowledged receipt of same to me."

This would seem to place the responsibility for receipt of the 700 pistols, about which I talked with you when in Ottawa, on Colonel Murphy.

The shipments were made as follows:

September 29th..	300
" 30th..	100
October 1st..	180
" 2nd..	120

by Adams Express to Colonel J. Wesley Allison, Waddington, N.Y.

We have made no mention of delay in payment of these pistols to General Hughes and would suggest, as Mr. Allison says the minister understood the matter, that you take it up with him, or, if you prefer, we will communicate with him direct.

We are naturally anxious to have this matter closed up, and trust that the above will enable you to get at the bottom of the delay and expedite a settlement.

Kindly let us hear from you at your earliest convenience.

Very truly yours,

COLTS PATENT FIRE ARMS MANUFACTURING COMPANY.

(Sgd.) Wm. C. SKINNER,
First Vice-President.

I wrote them on the 24th of December, 1914, in reply:

OTTAWA, December 24, 1914.

Dear COLONEL SKINNER,—

I have your letter of the 14th instant about the missing 700 pistols, and regret that pressure of work has delayed my reply until now.

I fear Col. Allison is depending too much upon his memory. There is no question about the pistols having been ordered. The only question is to whom did Col. Allison ship them after they had reached him at Morrisburg.

Colonel Murphy assures me that he had to do with only one lot of 1,000 pistols and these were duly received and paid for. This is the lot from which two pistols were said to be missing and we, therefore, paid you for only 998.

Colonel Murphy assures me that he had nothing whatever to do with any later shipment.

Lt.-Colonel Hallick, who had charge of the ordnance stores at Valcartier, states positively that no such lot of 700 pistols was ever received at Valcartier or Quebec. At my suggestion, enquiry was made at Montreal, but no trace of the pistols can be found there.

[Ottawa, Automatic Pistols—Brown.]

I have this moment received from General Hughes copies of all American and Canadian express receipts, covering shipments made by Col. Allison to Ottawa, Valcartier and Quebec. Possibly these may throw some light upon the subject. I will have them checked up against our records as soon as possible.

I may add that Col. Allison's statement with regard to the shipment of guns and pistols that Col. Murphy reported all these shipments to "Director of Contracts, Brown, and Mr. Brown acknowledged receipt of same to me" is not correct. As I have already said, Colonel Murphy disclaims all knowledge of any shipment except the one, and he certainly did not report the receipt of any other shipment to me, nor did I acknowledge the receipt of all shipments to Col. Allison. I doubt very much whether I acknowledged the receipt of any shipment, whatever, to Col. Allison, although, as I am speaking from memory, I cannot be absolutely certain about this.

Yours faithfully,

(Sgd.) H. W. BROWN,
Director of Contracts.

Colonel WILLIAM C. SKINNER,
Colts Patent Fire Arm Mfg. Co.,
Hartford, Conn.

Mr. THOMPSON: Now, take the correspondence with regard to the third order.

Sir CHARLES DAVIDSON: For how many?

Mr. THOMPSON: For 3,000 pistols.

Sir CHARLES DAVIDSON: What is the result of all this—I will come to that question later, you can give us the results of the third order-in-council, what date was that?

Mr. BROWN: The order-in-council is dated the 17th of October and the recommendation to Council is dated the 18th of October.

Sir CHARLES DAVIDSON: Read the papers.

Mr. BROWN: The first is an un-dated note, written at New York, in the Hotel Manhattan, signed Sam Hughes, to Sir Robert Borden, and it reads:

HOTEL MANHATTAN, NEW YORK.

DEAR SIR ROBERT,—

I have asked Mr. Allison to see you regarding:

"Belts for Colts revolvers."

We ordered the revolvers for the First Force but did not order belts.

Please look into it and have Mr. Brown give the order.

Also unless we order revolvers for the second force now, the output of factory goes to foreign governments.

I arranged and have control at lowest prices of all output of .303 Mark VII ammunition also of Colts revolver and other matters also.

SAM HUGHES.

Then, at the corner of that letter, is the note: "Belts authorized, sgd. R. L. B."

The next paper is a telegram from New York, dated October 7, signed Sam Hughes, addressed to H. W. Brown, director of contracts, Ottawa, and it reads:

NEW YORK, N.Y., Oct. 7, '14.

H. W. BROWN,
Director of Contracts,
Ottawa, Ont.

Please see deputy, quartermaster general and premier, orders for Colts revolvers, must be placed to-day or none may be had for seven months; other nations waiting; also order belts for those previously ordered.

SAM HUGHES.

[Ottawa, Automatic Pistols—Brown.]

The next paper is a telegram from me to the Colts Patent Fire Arms Manufacturing Company of Hartford, Conn., dated the 7th of October, 1914, and it reads:

OTTAWA, 7th October, 1914.

COLTS PATENT FIRE ARMS COMPANY,
Hartford, Conn., U.S.A.

Require 3,000 cal. automatic pistols same as last supplied. When can you commence delivery, and how many can you supply weekly thereafter? State price.

(Sgd.) H. W. BROWN,
Director of Contracts.

The next paper is a recommendation to Council, dated October 8, 1914, and it reads:

October 8, 1914.

To His Royal Highness,
The Governor General in Council.

The undersigned has the honour to recommend to your Royal Highness in Council, that he be given authority to purchase, for the Canadian Military Forces, 3,000 automatic pistols, 45 calibre, at a price not exceeding \$18.50 each; 300,000 rounds of ammunition therefor, at a price not exceeding \$19 per 1,000 rounds; and 5,000 United States army regulation webbing belts, at a price not exceeding \$5.50 each; 2,000 of these belts are for pistols already purchased and delivered.

The whole respectfully submitted.

Acting Minister of Militia and Defence.

The initials are not on that recommendation to Council, but it was signed by the acting minister.

Sir CHARLES DAVIDSON: Who is he?

Mr. BROWN: I think the prime minister was acting minister at that time.

The next paper is a telegram from myself to the Colts Patent Fire Arms Manufacturing Company of Hartford, Conn., dated October 8, 1914, and it reads:—

OTTAWA, October 8, 1914.

COLTS PATENT FIRE ARMS Co.,
Hartford, Conn.,
U.S.A.

Please supply three thousand automatic pistols, same as last, on dates and at price mentioned your message to-day.

(Sgd.) H. W. BROWN,
Director of Contracts.

Prior to that last telegram should come this telegram of October 8, 1914, from Hartford, Conn., to H. W. Brown, director of contracts, Ottawa, and signed by the Colts Patent Fire Arms Company. It reads:

HARTFORD, CONN., Oct. 8, 1914.

H. W. BROWN,
Director of Contracts,
Ottawa, Ont.

If ordered immediately can ship one thousand each October thirty-first, November seventh, November fourteenth, price eighteen dollars fifty cents each, f.o.b. Hartford, promise subject to previous sale.

COLTS PATENT FIRE ARMS Co.

Then, my telegram in reply of the 8th of October which I read previously, comes in here.

The next is a letter from the Colts Patent Fire Arms Company of Hartford, Conn., dated October 9, 1914, and confirming this telegram. Shall I read it, Sir?

Sir CHARLES DAVIDSON: Please do.

Mr. BROWN: The letter reads as follows:

COLTS PATENT FIRE ARMS MANUFACTURING Co.,

HARTFORD, CONN., U.S.A.,

October 9, 1914.

Mr. H. W. BROWN,

Director of Contracts,

203 Queen Street, Ottawa, Ont.

Dear Sir,—

We beg to acknowledge your telegram:—

Require 3,000 45 cal. automatic pistols same as last supplied. When can you supply weekly thereafter? State price.

To which we replied:

If ordered immediately can ship 1,000 each October 31st, November 7th, November 14th, price \$18.50 each f.o.b. Hartford; promise subject to previous sale.

and received your answer:

Please supply 3,000 automatic pistols same as last on dates and at price mentioned your message to-day.

We thank you for this order and it will have our very best attention. In this connection, we would like to know if you desire extra magazines and any supplementary spare parts. As these pistols are, we presume, to be sent out of Canada, we would suggest the advisability of your purchasing a small lot of spare parts to be sent to the foreign depot.

We also acknowledge your telegram:

Please ship 50 more Colt Rapid Fire Guns \$600 each to 203 Queen Street, Ottawa.

To which we replied:

Are we to ship extra barrels \$25 each and extra belts \$3 each and how many loading machines \$50 each your order 50 rapid fire guns.

Colonel Hughes purchased 50 of these guns about a month ago and ordered 36 belts for each gun in addition to the 4 belts supplied in the equipment, and also a loading machine with each gun. The loading machine is for the purpose of charging the belts. Our custom is to supply one loading machine with every 5 guns, but Colonel Hughes desired one with every gun. As we are tremendously busy, we would appreciate if you will telegraph us your desires as to extras.

Since writing the above we have your telegram:

Please ship my address 203 Queen St. Ottawa 200 more Colt Rapid Fire Guns. When will first lot be shipped and whole order complete. Mailing covering order.

And replied as follows:

Do we understand total order 250 or 200 automatic rapid fire guns? Will give details of delivery to-morrow.

We are sending our sales manager, Mr. S. M. Stone, to Ottawa, Sunday night, to see you. He will call at your office Monday and will discuss in detail deliveries and the question of extra parts.

Yours sincerely,

COLTS PATENT FIRE ARMS MFG. Co.,

(Sgd.) C. T. F. ROBINSON,

President.

Sir CHARLES DAVIDSON: I understand there is no question about these rapid fire guns.

Mr. BROWN: The next is an order-in-council of the 17th of October, P.C. 2610, and it reads:

P. C. 2610.

Certified copy of a report of the Committee of the Privy Council, approved by His Royal Highness the Governor General, on the 17th October, 1914.

H. Q. 314-13-8

The Committee of the Privy Council, on the recommendation of the Acting Minister of Militia and Defence, advise that the Minister of Militia and Defence be given authority to purchase, for the Canadian Military Forces, 3,000 automatic pistols, 45 calibre, at a price not exceeding \$18.50 each; 300,000 rounds of ammunition therefor, at a price not exceeding \$19 per 1,000 rounds; and 5,000 United States army regulation webbing belts, at a price not exceeding \$5.50 each; 2,000 of these belts are for pistols already purchased and delivered.

(Sgd.) RODOLPHE BOUDREAU,
Clerk of the Privy Council.

The Honourable,
The Minister of Militia and Defence.

The next and last paper I have is my letter to the Colts company on the 24th of October, 1914, confirming the exchange of telegrams. Shall I read it?

Sir CHARLES DAVIDSON: Yes.

Mr. BROWN: It reads as follows:

OTTAWA, October 24, 1914.

GENTLEMEN,—I have the honour to confirm the following telegram sent you on the 7th instant:

Require three thousand 45 cal. automatic pistols same as last supplied. When can you commence delivery, and how many can you supply weekly thereafter? State price.

I also beg leave to acknowledge the receipt of your message of the same date, as follows:

If ordered immediately can ship one thousand each October thirty-first, November seventh, November fourteenth, price eighteen dollars fifty cents each f.o.b. Hartford, promise subject to previous sale.

To the above telegram the following answer was sent you on the same day:

"Please supply three thousand automatic pistols same as last on dates and at prices mentioned your message to-day."

This letter is intended to confirm the order given you in the above telegram for 3,000 .45 calibre automatic pistols, similar to those you last supplied at \$18.50 each f. o. b. Hartford, Conn., U.S.A., shipments to be made as follows: One thousand on 31st instant; one thousand on 7th proximo; and the remaining one thousand on the 14th proximo.

Please consign the pistols to H. W. Brown, 203 Queen St., Ottawa, and send me an invoice in quintuplicate with a copy of the bill of lading for each shipment.

I have the honour to be, gentlemen,
Your obedient servant,

(Sgd.) H. W. BROWN,
Director of Contracts.

Messrs. COLTS PATENT FIRE ARMS MFG. CO.,
Hartford, Conn., U.S.A.

[Ottawa, Automatic Pistols—Brown.]

Mr. THOMPSON: That is all.

Sir CHARLES DAVIDSON: Just a moment, Mr. Brown—how many pistols did you receive?

Mr. BROWN: 4,998, that is all we have receipts for.

Sir CHARLES DAVIDSON: That is all you paid for.

Mr. BROWN: Actually we paid for two more but they were deducted.

Sir CHARLES DAVIDSON: Now, how many pistols do your Orders in Council cover?

Mr. BROWN: Five thousand. One Order-in-Council for 1,000, another Order-in-Council for 1,000, and a third Order-in-Council for 3,000.

Sir CHARLES DAVIDSON: You took the statement produced by the auditor general as to your receipts of pistols and payments therefor and have compared it?

Mr. BROWN: Yes.

Sir CHARLES DAVIDSON: In whose name were these orders placed with the Colts Company?

Mr. BROWN: The first order and the second order were addressed to Colonel J. W. Allison.

Sir CHARLES DAVIDSON: Yes, I know; but in whose name were they placed ultimately with the Colts Company; in Allison's name or in the name of the Government?

Mr. BROWN: I cannot say, sir; that would appear from the correspondence between Allison and the Colts Company, I should suppose.

Sir CHARLES DAVIDSON: Did the Government deal directly with the Colts Company as regards deliveries and correspondence?

Mr. BROWN: The invoices were the Colts Company's invoices, and the payments were made to the Colt Company.

Sir CHARLES DAVIDSON: Have you got the invoices?

Mr. BROWN: Yes, sir.

Sir CHARLES DAVIDSON: As against whom were all the invoices made out? Have you the invoices for these pistols before you?

Mr. BROWN: Yes.

Sir CHARLES DAVIDSON: Who was invoiced for these pistols?

Mr. BROWN: The Canadian Government.

Sir CHARLES DAVIDSON: Direct?

Mr. BROWN: The Canadian Government, Department of Militia and Defence.

Sir CHARLES DAVIDSON: And not Allison?

Mr. BROWN: No, although some of the goods were actually consigned to Colonel Allison.

Sir CHARLES DAVIDSON: Yes, I want to know who were billed for these pistols?

Mr. BROWN: The Canadian Government.

Sir CHARLES DAVIDSON: To whom were the payments made?

Mr. BROWN: To the Colts Company.

Sir CHARLES DAVIDSON: By whom?

Mr. BROWN: By the Department of Militia.

Sir CHARLES DAVIDSON: Direct?

Mr. BROWN: Direct.

Mr. THOMPSON: To whom were the goods consigned?

Mr. BROWN: Part of the goods were consigned to Colonel Allison. The last three thousand pistols ordered were consigned to me at Ottawa.

Sir CHARLES DAVIDSON: Part of them were consigned to you directly at Ottawa, and another part direct to the Minister of Militia at Valcartier, because some of these

telegrams said that they were shipped direct to Valcartier to the Minister of Militia; some were shipped then direct to the Minister of Militia at Valcartier, and were any of them shipped to Allison?

Mr. BROWN: The first 2,000 were all shipped to Allison at Waddington, opposite Morrisburg, at the border, and we arranged for the transfer.

Sir CHARLES DAVIDSON: And what about the balance?

Mr. BROWN: The other 3,000 were consigned to me and came here to me at Ottawa.

Sir CHARLES DAVIDSON: And not direct to the Valcartier camp?

Mr. BROWN: No, the last 3,000 came here to Ottawa.

Sir CHARLES DAVIDSON: From Waddington and Morrisburg?

Mr. BROWN: No. The first two thousand were designed for Valcartier camp.

Sir CHARLES DAVIDSON: In the statement of payments already referred to, produced and read by the auditor general, there is an item, dated October 21st, cheque No. 3528, 70 revolvers at \$14 each, \$980—can you give any explanation as to that?

Mr. BROWN: No, sir. I am afraid I cannot. My recollection of this is that the bill was sent in to me for payment. We knew nothing about the order at all, and knew nothing about the circumstances at all, and speaking from memory my recollection is that I had nothing to do with certifying that account. Indeed, until yesterday, I was not aware, or had forgotten, that these revolvers had ever been taken over by us. I am speaking now from memory but I do not think that account ever went through my office.

Sir CHARLES DAVIDSON: Look at the memorandum produced by the auditor general. He stated that his impression was that these seventy revolvers were delivered direct to the battery known as the Sifton battery. The memorandum I refer to reads as follows:—

No 3528.

Sold to Mr. R. Brudenel,
c/o J. W. Sifton, Ottawa.

Shipped Adams Express 70 5½, .455 calibre new service revolvers, blue \$14 each—\$980.

In producing this memorandum, the auditor general, so far as I remember, made no complaint with respect to the transaction; can you give any explanation of that?

Mr. BROWN: No, sir, I am sorry I cannot. I have, I think, seen the original of that memorandum, but I did not see it until after the transaction, nor had I any knowledge whatever of the original transaction.

Sir CHARLES DAVIDSON: Perhaps you can make some inquiries about it.

Mr. BROWN: Yes.

Sir CHARLES DAVIDSON: Who is Brutinel?

Mr. BROWN: I do not know him at all. I can discover whether we have any copy of that in the department. I have seen this thing but that is all. This is apparently a transaction which took place outside of the department. I think the order was given outside of the department.

Sir CHARLES DAVIDSON: What do you mean by that?

Mr. BROWN: It was given by somebody representing the Sifton battery and after these had been delivered, the person taking delivery of these pistols or revolvers referred the Colts Company to the department for payment. That is what I understand to be the case.

Sir CHARLES DAVIDSON: To whom could reference be made for information as to that?

[Ottawa, Automatic Pistols—Brown.]

Mr. BROWN: I shall make inquiries and I will see what I can do but I do not know anything about it at present.

Sir CHARLES DAVIDSON: It may have been a direct order by the department, for which the department afterwards assumed payment.

Mr. BROWN: That is what I take it to be.

Sir CHARLES DAVIDSON: Have you other cases of that kind?

Mr BROWN: It is not usual, but it has occurred from time to time.

Sir CHARLES DAVIDSON: You have a memorandum attached to these papers?

Mr. BROWN: That has reference to these 700 automatic pistols referred to in the preceding correspondence.

Sir CHARLES DAVIDSON: Read it.

Mr. BROWN: The memorandum reads:

Memorandum.

The bills of the Colts Patent Fire Arms Company for 700 automatic pistols to which the preceding correspondence refers, were authorized for payment by the minister on the 30th instant, viz.:

Invoice dated Sept. 29 for 300 pistols	\$5,550
Invoice dated Sept. 30 for 100 "	1,850
Invoice dated Oct. 1 for 180 "	3,330
Invoice dated Oct. 2 for 120 "	2,220

A cheque for \$12,950 was delivered to Colonel Skinner of the Colts Company by the Accounts Branch, this date.

Although neither the D. C. & E. nor Lt. Colonel Hallick acknowledge the receipt of these 700 pistols, it appears from the accompanying express receipts of the American Express Company and the Canadian Express Company that these shipments were made by the Colts Company to Waddington, N.Y., and from receipts given by the Canadian Express Company at Morrisburg, dated September 30, for six boxes and October 2 for nine boxes that the pistols were reshipped to Lt.-Colonel Hallick at Valcartier camp.

As the pistols were bought f. o. b. factory, the Minister acknowledged these receipts as evidence of delivery and accordingly authorized payment.

(Sgd.) H. W. B.

Above shipments 11 cases.

Sept. 28,

Need belts, etc. 4 "

15 "

The witness was not further examined.

Colonel EMMETT CLARKE, already examined, recalled:

By Mr. Thompson, K.C.:

Q. I asked you to produce the stubs of the cheques used by Major S. B. Anderson?

—A. Yes, I now produce them.

(Stubs produced and filed.)

Q. Could you find out the number of horses represented in the total and the amount paid for them?—A. I will do so early this afternoon.

Q. What else do you produce?—A. I produce two books of cheque stubs used by A. De Witt Foster.

(Stubs filed as an exhibit.)

Q. Would you make out a statement showing how many horses were purchased with these stubs, the amount, and how many blank cheques returned?—A. I will do so.

The witness produced stubs and two cheque books used by A. De Witt Foster and the stubs of the cheque books used by Major S. B. Anderson, which were filed.

The witness retired.

Colonel EMMETT CLARKE, already examined, recalled:

Mr. THOMPSON: I asked Colonel Clarke yesterday to prepare a statement with regard to the A. De Witt Foster cheques and also the S. B. Anderson cheques, do you produce those cheques now?

Colonel CLARKE: I produce a statement in duplicate of the stubs of the cheques issued by A. De Witt Foster, the numbers, the amount, and the number of horses represented in each stub. This statement has been checked with the cheques that have been cashed at the bank.

Mr. THOMPSON: Do they also correspond with the stubs?

Colonel CLARKE: Yes, they are taken from the stubs and checked with the bank cheques. The total number of horses is, as we were advised originally by the purchasers.

Mr. THOMPSON: Your statement also covers the stubs of the cheques of Major S. B. Anderson?

Colonel CLARKE: Yes, the statement is compared with the stubs and checked with the cheques as presented to the bank, and they come out all right.

Sir CHARLES DAVIDSON: Where is Major Anderson now?

Colonel CLARKE: I do not know. He is overseas, I cannot say where he is.

Sir CHARLES DAVIDSON: I would suggest, Mr. Thompson, that it would be equitable for you to mention to Mr. Foster the evidence taken here with the last day or two as to the supply of cheques.

Mr. THOMPSON: Yes, sir.

Sir CHARLES DAVIDSON: You could look over his evidence critically, and if there be any discrepancy between his evidence and the evidence now given, you might call his attention to the fact. He is entitled to be allowed to give an explanation.

Sir CHARLES DAVIDSON: I suppose further evidence, it is likely, will be given as to pistols and revolvers.

Mr. THOMPSON: I would suggest that Colonel Fiset should be examined, but he is not available now.

Sir CHARLES DAVIDSON: Apart from that, our work is pretty well concluded, unless we hear from Mr. Foster.

Mr. THOMPSON: Yes, sir.

The Commission then adjourned *sine die*.

Mr. THOMPSON: The Deputy Minister of Militia and Defence has sent to me, with the request that I hand them to you, sir, certain reports from the officers at the head of the different branches of the Militia Department.

Sir CHARLES DAVIDSON: Are they official reports?

Mr. THOMPSON: They are official reports prepared by the various officers of the Militia Department. One is signed by Major-General Gwatkin, Chief of the General [Ottawa, Horses Generally—Clarke.]

Staff, another is signed by Major-General D. A. Macdonald, quartermaster-general, another is signed by J. W. Borden, accountant and paymaster-general, and another is signed by H. W. Brown, director of contracts. These taken together show the activities of the Militia Department from the beginning of the war up to the time they were prepared, and I shall call General Macdonald who is present to testify as to his part of the report.

Sir CHARLES DAVIDSON: It seems to me that it is well that each of these reports should be substantiated by the oaths of the officials presenting them, so that they can be put in the form of evidence.

Mr. THOMPSON: Yes. I may say that Mr. Borden is out of town, and General Fiset is ill, and Major-General Gwatkin is in the Militia Council this morning and cannot come here. I am calling General Macdonald as to the part of the report which refers to his department.

Sir CHARLES DAVIDSON: Have you read, General Macdonald, the part of the report which refers to your department?

General MACDONALD: Yes.

Sir CHARLES DAVIDSON: Is it correct?

General MACDONALD: Yes, it is correct; I have gone over the report.

Sir CHARLES DAVIDSON: You have given interesting and full detail of the equipment of the different units and the quantity of clothing and so on that has been handled by you during the first year of the war. I would like if you could make me out a report similar to that, in respect to the First Contingent, I refer to the 30,000 mobilized at first.

General MACDONALD: I shall do so.

Sir CHARLES DAVIDSON: You have also referred to the number of horses which were purchased during the year. Where did you buy the horses for the First Contingent?

General MACDONALD: In Ontario and the Lower Provinces, chiefly.

Sir CHARLES DAVIDSON: You bought none in the West?

General MACDONALD: No.

Sir CHARLES DAVIDSON: It was stated by a witness here, in general form, and it is the fact, I believe, that all the horses purchased for the First Contingent were purchased in Ontario and the Lower Provinces, not elsewhere.

Colonel CLARKE: There were a few bought in the West to complete the units. We had to complete the horse establishment of some units there.

General MACDONALD: Yes, I had forgotten that.

Sir CHARLES DAVIDSON: When could you let us have that report, General Macdonald?

General MACDONALD: I could get it right away.

Sir CHARLES DAVIDSON: You will send it within a few days?

General MACDONALD: Yes, I shall try to. Perhaps I should mention, sir, that there is a great deal in connection with the general administration of the whole service, apart from the contingents and the troops going overseas, that we had to carry on, just the same as before, and it entailed a great deal of work. But any reference to that would make the report too voluminous.

Sir CHARLES DAVIDSON: The report before us is quite ample.

The witness, General Macdonald, retired.

The reports forwarded by the Deputy Minister of Militia and Defence were read by Mr. Thompson, as follows:

DEPARTMENT OF MILITIA AND DEFENCE,

OTTAWA, December 9, 1915.

From:

The DEPUTY MINISTER of MILITIA and DEFENCE and Vice-President of the Militia Council.

To:

Sir CHARLES DAVIDSON, K.C.:

President of the Commission of Enquiry.

SIR,—To supplement the evidence produced before your Commission, and to give the public some idea of the amount of work which, ever since the war broke out, has been going on in the Militia Department, I beg to be allowed to hand in the four accompanying documents as part of my evidence.

1. A memorandum on the organization, distribution, and strength of the Canadian Expeditionary Force, by Major-General W. G. Gwatkin, Chief of the General Staff.

2. A statement dealing with clothing and equipment, by Major-General D. A. Macdonald, C.M.G., I.S.O., quartermaster-general.

3. A statement dealing with financial administration, by Mr. J. W. Borden, account and paymaster-general.

4. A statement dealing with purchases, contracts and expenditure, by Mr. H. W. Brown, director of contracts.

On behalf of the department to which I have the honour to belong, permit me, Sir, to point out that the facts disclosed in these documents, together with evidence already produced before your Commission, afford ample proof of ability, zeal and devotion to duty, and that the administration of the department is fully vindicated by results which have been achieved.

In circumstances inseparable from such a crisis as that through which we are now passing, vast sums have been expended by the department. But in all the evidence given before the parliamentary committee of inquiry, as well as before your own Commission, not a doubt has been cast either on the integrity or on the efficiency of the responsible officials. It is true that in the early days of the war, when competitive prices could not be obtained and time was a factor of vital importance, a few outside agents and unscrupulous contractors may have attempted to turn the situation to their own advantage; but such irregularities as occurred were insignificant, having regard to the magnitude of the transaction which were involved.

Therefore, speaking not only for myself but for the other members of the Militia Council, for officers serving at headquarters and on district staffs, as well as for the civil staff of the Militia Department, I venture to ask that, for the guidance of public opinion, the information contained in the documents forwarded herewith may be incorporated in the proceedings of your commission of inquiry.

I have the honour to be, Sir,

Your obedient servant,

(Sgd.) EUG. Fiset,

Surgeon General,

Deputy Minister of Militia and Defence.

Memorandum on the organization, distribution and strength of The Canadian Expeditionary Force.

1. Regarding the organization, distribution and strength of the Canadian Expeditionary Force, it is inadvisable at the moment to go into details; and on that account the following statement is general and brief.

[Ottawa, Reports—Militia Department.]

Canadian troops (50,000) serving overseas elsewhere than in England.

2. Somewhere in France and Belgium there are engaged in active operations:

(1) A Canadian Army Corps (under the command of Lieutenant-General E. A. H. Alderson, C.B.) consisting of the 1st Canadian Division, (Major General A. W. Currie, C.B.), the 2nd Canadian Division, (Major General R. E. W. Turner, V.C., C.B., D.S.O.), and a number of extra-divisional units termed collectively "corps troops."

(2) The 1st and 2nd Brigades Canadian Mounted Rifles, (six regiments in all.)

(3) The Royal Canadian Dragoons and Lord Strathcona's Horse, forming part of a cavalry brigade under the command of Brigadier General J. E. B. Seely, D.S.O.

(4) The Princess Patricia's Canadian Light Infantry, forming part of the 27th Division.

(5) Line of communication units: supply columns, ammunition parks, reserve parks, hospitals, depots, and so forth.

3. In addition to the above, a Canadian railway construction corps is detached (it is believed) on special duty; a Canadian general hospital and three Canadian stationary hospitals are with the British Mediterranean Force; the 38th Battalion is at Bermuda, and a company of the Royal Canadian Garrison Artillery is at St. Lucia, British West Indies.

Canadian troops (40,000) in England.

4. In England, there are two training divisions: one under Brigadier-General J. C. MacDougall, at Shorncliffe, the other under Brigadier-General Lord Brooke, C.M.G., M.V.O., at Aldershot.

5. Altogether—exclusive of units which by this time may have left for the seat of war, there are in England—three regiments of mounted rifles; twenty-five battalions of infantry; a cavalry depot (Fort Garry Horse); training establishments for artillery, engineers, signallers and cyclists; hospitals; depots for administrative troops and services; and, in London, a pay and record office.

Troops, C.E.F., (60,000) in Canada.

6. Exclusive of certain units which when mobilised will be embarked as soon as transports are available, and exclusive of some 10,000 troops, of the active militia, called out to garrison coast defences, and to guard public works, bridges, canals, railways, docks, wireless stations, cable landing places, stores, factories, internment camps, etc., the following units and depots are available in Canada for the maintenance of the force on service overseas:

(1) *Cavalry.*

Two depot squadrons: one for the Royal Canadian Dragoons, the other for Lord Strathcona's Horse.

(2) *Mounted Rifles.*

Three regiments and a depot.

(3) *Artillery.*

A depot battery of horse, fifteen depot batteries of field, and a depot battery of heavy artillery.

(4) *Engineer and Signal Services.*

A combined training depot.

(5) *Infantry.*

A depot for the Royal Canadian Regiment.

A hundred battalions, more or less, at various stages of organization.

(6) *Cyclists.*

A training depot.

(7) *Administrative Troops and Services.*

Depots, etc., of various kinds.

Increase in numbers.

P.C. 2539—30 Oct., 1915.

7. In response to the King's appeal, another 100,000 have been added to the establishment of the Canadian Expeditionary Force, making a total of 250,000, including embodied Militia; and arrangements are being made so that, during the winter months, men may be recruited and trained not only in cities but also in rural localities.

8. Briefly, each federal electoral district will constitute a battalion area; but districts may be combined; and each town or village producing not less than twenty-five recruits, will billet them.

Changes in Organization.

9. It has also been decided to effect re-adjustments at the front; to organize a 3rd Canadian Division; and to employ certain additional units which experience has shown to be indispensable in trench warfare—siege batteries of artillery, fortress companies of engineers, pioneer battalions, tunnelling companies.

10. The Royal Canadian Regiment and Princess Patricia's Canadian Light Infantry (detached from the 27th Division) are to be brigaded with the 42nd and 49th battalions; the 1st and 2nd Canadian Mounted Brigades (fighting on foot) are to be fused into a brigade of four battalions (or regiments); and General Seely's Brigade being about to be broken up, the Royal Canadian Dragoons and Lord Strathcona's Horse will become corps troops.

11. The probable organization of the Canadian Expeditionary Force at the seat of war will then be as shown in Appendix A.

Distribution and strength.

12. There have been casualties; and including reinforcements, some 115,000 troops with 15,000 horses, have gone overseas; and it is not unlikely that in the near future the authorized establishment of the Canadian Expeditionary Force and embodied Militia, a total of 250,000 all ranks, will be accounted for as under:

Canadian Expeditionary Force—

Overseas	{ Elsewhere than in England	62,000
	{ In England	43,000
In Canada		120,000
Total effectives		225,000
Non-effectives (casualties, etc.)		15,000
Total Canadian Expeditionary Force		240,000
Militia embodied in Canada		10,000
Total authorized establishment Canadian Expeditionary Force and embodied militia		250,000

(Signed) W. G. GWATKIN, Maj. General,
Chief of the General Staff.

27th November, 1915.

APPENDIX A.

ORGANIZATION OF THE CANADIAN EXPEDITIONARY FORCE AT THE SEAT OF WAR.
1st Canadian Division.

1st Infantry Brigade—
1st, 2nd, 3rd and 4th Battalions.
2nd Infantry Brigade—
5th, 7th, 8th and 10th Battalions.
3rd Infantry Brigade—
13th, 14th, 15th and 16th Battalions.
Divisional Troops (a).

2nd Canadian Division.

4th Infantry Brigade—
18th, 19th, 20th and 21st Battalions.
5th Infantry Brigade—
22nd (French Canadian), 24th, 25th and 26th Battalions.
6th Infantry Brigade—
27th, 28th, 29th and 31st Battalions.
Divisional Troops (a).

3rd Canadian Division.

7th Infantry Brigade—
Royal Canadian Regiment, Princess Patricia's C.L.I., 42nd and 49th Battalions.
8th (Mounted Rifle) Brigade—
Four regiments of mounted rifles (fighting on foot) each of the same establishment as an infantry battalion.
9th Infantry Brigade—
Four battalions not yet selected.
Divisional troops (a).

Corps Troops.

Royal Canadian Dragoons.
Lord Strathcona's Horse.
Two engineer fortress companies.
Signal units.

Special units.

Four siege artillery batteries.
Three tunneling companies.
Railway construction corps.

Line of Communication units.

Divisional ammunition parks.
Casualty clearing stations.
Stationary and general hospitals.
Sanitary sections.

(a) Squadron of mounted rifles; cyclist company; divisional artillery; divisional engineers; signal company; machine-gun brigade (attached as necessary); pioneer battalion; field ambulances; motor ambulance workshop; train.

Line of communication units—Con.

Supply columns.

Reserve parks.

Field butcheries and bakeries.

Veterinary sections, mobile and stationary.

Ordnance travelling workshop.

Detachments, depots, etc., for medical supply, transport, veterinary, remount, ordnance, pay and postal services.

REPORT OF THE WORK OF THE QUARTERMASTER-GENERAL'S BRANCH DURING THE PRESENT EUROPEAN WAR.

The work in this branch comes under four heads:—

1. The Army Service Corps, dealing with supplies and transport.
2. The Canadian Ordnance Corps, dealing with the supply of clothing and equipment of every kind.
3. Veterinary Services and the purchase of Remounts.
4. The Canadian Postal Corps.

1. *The Army Service Corps.**Supplies.*

On the outbreak of hostilities steps were immediately taken for the daily supply of all necessary food required for men and horses, mobilized at the various points in Canada. Soon thereafter, on the announcement that the First Division of the Canadian Expeditionary Force would mobilize at Valcartier, orders were given for the assembling at that point of four companies of the Canadian Army Service Corps, to take charge of the feeding and transport in camp. Contracts were made with large dealers in Quebec, Montreal and elsewhere.

In addition to the work devolving as above, the Army Service Corps has been called upon to look after the supplies required for all units mobilizing at various points in Canada, and for those called out on duty.

Transport.

The transport arrangements made with the various railway companies to carry troops and horses into camp, and with the steamship companies to transport them to England were most satisfactorily carried out. For the First Overseas Contingent over 100 special trains and 32 steamships were employed; and since then 143 special trains and 90 steamships have been used in this service. All told, 114,249 all ranks have been transported to England, up to the 30th November, 1915.

The Canadian Army Service Corps is represented overseas by the following units:

Unit.	All ranks.
2 Divisional Trains.. . . .	970
2 Divisional Ammunition Parks.. . . .	976
2 Divisional Supply Columns.. . . .	532
2 Reserve Parks.. . . .	638
2 Railway Supply Depots.. . . .	126
10 Depot Units of Supply.. . . .	140
1 Remount Depot.. . . .	225
1 Training Depot.. . . .	710
1 Field Butchery.. . . .	25
1 Field Bakery.. . . .	94
1 Corps Troops Supply Column.. . . .	74
1 Railhead Supply Detachment.. . . .	19

3. *Veterinary Services.*

Since the outbreak of the war there have been 26,562 remounts purchased.

Of this number, 23,155 have been sent Overseas, requiring the use of 38 steamships. It is reported that these horses were of excellent quality.

4. *Postal Services.*

Considering the enormous amount of mail handled by the Canadian Postal Corps, and the exceedingly small number of complaints received, it is considered that this service has been satisfactorily performed. Throughout Canada, during the past summer, at the various concentration camps, small detachments of the postal corps have been detailed, and the mail has been handled without a single complaint.

2. *Canadian Ordnance Corps.*

With reference to the Ordnance Services performed since the declaration of war:—

At once, upon the announcement of the war, information was tabulated showing the quantities of clothing, necessities, technical stores and equipment available, and the quantities required to fully clothe and equip up to war strength a force of 30,000 men, ready to take the fields; also a proportion additional to provide for sizes, casualties and spares.

At the same time the mobilization tables necessary for "war" equipment were undertaken and compiled in the office of the director of clothing and equipment. This involved a great deal of labour, as many units which are not provided for in "peace" automatically spring into existence on the declaration of war and the force is brought to a war footing. In all, 53 units were included.

Contract demands for all articles required for:

(I) Clothing, arming and equipping this force;

(II) Supplying all technical and other stores, vehicle, harness and saddlery;

were prepared and sent forward as rapidly as possible.

In the meantime an ordnance detachment had been sent to Valcartier, to make ready for the camp to be established there.

Ordnance depots from Winnipeg eastwards were called upon to supply quotas of camp equipment to meet the demand necessary to properly care for the 38,000 men who were eventually quartered in this camp.

The contractors, almost without exception, met the extraordinary demands put upon them for quick deliveries, and the clothing and equipment went into camp in car load lots.

The ordnance detachment at this camp had to receive, sort and issue these various items to this large force, having practically to clothe and equip these men throughout.

The work of fully equipping 38,000 men within six weeks put upon the ordnance branch a heavy strain, but everyone worked under high pressure and the work was satisfactorily done.

While the work of equipping the First Division was proceeding at Valcartier, the ordnance department was providing for the militia force called out for duty throughout Canada from Halifax to Prince Rupert, to the number of 10,000. It was also collecting and sending forward to the Home Government guns, rifles, and ammunition called for from our reserve stock.

With the despatch of the First Division overseas, large quantities of clothing and equipment were shipped to the ordnance depot at Salisbury (now removed to Ashford) which was established ahead of the arrival of the Canadian troops, to provide for the requirements of the First Division upon arrival. Thousands of cases were shipped, every troopship carrying a consignment.

Immediately following the sailing of the First Division, the premier announced that another division of 25,000 men would go forward, and that 50,000 men would be maintained, constantly under arms in Canada. Thus the work of the Ordnance branch was correspondingly increased, and new demands covering the requirements for these additional troops were put forward.

Of the quantities of articles handled during the first year of the war, some idea may be gathered as to the amount of work involved, from the following figures in clothing alone for troops serving in Canada and Overseas, viz.:—

Boots.. . . .	600,000 pairs.
Caps, forage.. . . .	400,000
Shirts, flannel.. . . .	600,000
Underclothing, suits.. . . .	600,000

In addition to the above, the following important stores were shipped overseas:—

Armoured cars (machine gun battery).. . . .	49
Transport wagons.. . . .	1,800
Other horse vehicles.. . . .	280
Harness, sets.. . . .	6,000
Motor lorries.. . . .	350
Motor cars.. . . .	93
Motor ambulances.. . . .	40
Motor cycles.. . . .	143
Bicycles.. . . .	1,400
Binoculars.. . . .	8,700
Telescopes, altiscopes, etc.. . . .	3,850
Ross rifles and bayonets.. . . .	110,000
Automatic pistols.. . . .	5,000

For the month of October, 1915, fifty-one tons of clothing and equipment, *per diem*, has been received, assorted, accounted for and shipped from the Headquarters Depot, Ottawa.

A great increase, however, is reported for the month of November, 1915, when a daily average of (206) two hundred and six tons of clothing and equipment passed through the above depot, conveyed by the headquarter detachment of the mechanical transport section.

The receipt, classification, shipping and accounting for stores, mainly of a highly technical nature, comprising altogether nearly five thousand items, ranging from a sock to the latest range-finding device for coast defence guns, have taxed to the utmost the resources of the corps, of which the stores section numbers only 250 warrant officers, non-commissioned officers and men, scattered in small detachments from coast to coast.

I may add this report only gives in a limited way the large amount of work which has fallen to the ordnance end of my branch; and as well to that of the A. S. C. and other services.

I would also like to express my appreciation of the excellent work done in connection with my branch by Colonel J. L. Biggar, director of supplies and transport; Lieut.-Colonel J. F. Macdonald, director of clothing and equipment, Lieut.-Colonel W. Hallick, director of stores, and Lieut.-Colonel E. E. Clarke, assistant director of supplies and transport.

(Sgd.) D. A. MACDONALD,
Major-General.
Quartermaster-General.

Ottawa, December 7, 1915.

Pay and Accounting Work.

The pay and accounts branch was put to quite as great a strain as the other branches of the department at the outbreak of the war and had as many difficulties to contend against.

There were at times but a small staff of a dozen civilian clerks for the accounting work and a small pay corps, this latter divided among the district offices scattered between Halifax and Victoria.

While this staff was sufficiently large to cope with the expenditure and pay work in time of peace, it was altogether inadequate to handle the additional work suddenly thrown upon it in connection with the mobilization of an overseas force of 50,000 men soon increased to 100,000 and now totalling nearly 200,000 and entailing an expenditure of approximately one hundred million dollars the first twelve months and at the present time in excess of the total expenditure of the Government prior to the war.

It was necessary, therefore, to at once increase both the civil staff and the pay corps, and as men trained for this work were not available untrained men had to be taken on and trained.

There was a vast amount of detail in connection with the pay organization of this large army for service abroad. Scales of pay, allowances and pensions had to be worked out, both for the soldiers themselves and for their dependents at home, and arrangements had to be made for the issue of pay at Ottawa to these latter.

Instructions had to be drawn up for the guidance of regimental paymasters who for the most part were quite ignorant of their duties and sometimes possessed an idea that their position was a sinecure, with the result that pay work went badly at first. Consequently, the strain thrown upon the staff at Ottawa was tremendous and has continued to be heavy right up to the present time. The hurried despatch of the first contingent to England added to the confusion and trouble as nominal rolls and pay sheets were not prepared till some weeks after the troops had arrived in England. It took nearly six months to straighten out the pay matters in connection with these units.

To the layman the work of paying an army may seem a simple task and it would be simple, if it consisted merely of paying men a fixed rate once a month, as in the case of large corporations. Owing to the fact, however, that the Government assumes a sort of paternal charge over the soldier, clothes, feeds, houses and pays him, also in a way provides for his family, the work is not so simple as it might appear, and where desertions and discharges are extremely numerous, as was the case for the first few months, and regimental officers, including the paymaster, more or less inexperienced in their duties, there is bound to be care and worry for those in charge of the work. Add to this the difficulties resulting from having to issue part of the soldiers' pay in Ottawa to his dependents and the balance to the soldier himself in England or France and the work becomes extremely complicated and the correspondence enormous as the pay offices at Ottawa and London have to keep each other advised of the state of each soldier's account. For this purpose, it is necessary to open a ledger account with each soldier and also one for each dependent. Some idea of the work may be had from the number of cheques issued in the pay offices, Ottawa, which total now eighty thousand a month.

As already stated, a great deal of difficulty has been experienced as a result of having to employ inexperienced regimental paymasters. Until these officers become trained in their work and attend to it properly there is bound to be trouble for all concerned. Not only must the paymaster be efficient, but the regimental officers must be efficient as well and give him their co-operation. This is often lacking in the early stages of the organization of a regiment, and, as a rule, some months elapse before the work goes smoothly. Naturally pay work is not considered the most important by regimental officers in a crisis like the present, when the great object is to make the regiment fit for the firing line; hence at first there is more or less lack of attention to

pay matters and men are discharged or allowed to desert without notifying Headquarters of the fact, with the result that assigned pay and separation allowance cheques to dependents have been in many cases issued for months after the soldier has been struck off the strength of his regiment. These cases, however, are becoming more rare and every means is being taken to obtain at Ottawa speedy notification of discharges and desertion.

The old method of paying the men in cash has as regards the troops in Canada been discontinued, and cheques are now issued instead twice a month. While this system is somewhat cumbersome and entails more work than the other, yet it prevents irregularities and enables headquarters to keep a perfect check on paymasters. These latter are not allowed to draw cash from the bank, and the cheques issued by them do not go back to them from the bank but are sent to Headquarters.

Accounting and Audit Work.

The Accounting and audit work increased with the expenditure, and many new ledgers had to be opened and sub-divisions of the work organized to deal with the following:

- (a) Purchase of remounts.
- (b) Ocean transport of troops and horses.
- (c) Cloth for uniforms.
- (d) British and foreign contracts.
- (e) War Purchasing Commission contracts.
- (f) Pensions.

There were 25,000 horses purchased at a cost of \$4,263,000. A special form of cheque was got up for this work and set out to the buyers. This form was improved upon later so that buyers were compelled to use one for each horse purchased, and at the same time to insert a description of the horse on the cheque. A credit was placed in the Bank of Montreal, Ottawa, and all cheques were drawn against that credit. Returns of horses purchased were compared with the cancelled cheques received from the bank and verified by this means. This account is now closed.

Ocean transport of troops, horses and supplies has cost up to the present \$6,780,000. For the First Contingent ships were chartered and paid according to their tonnage, and for the period they were in the Government service, and the amount of coal used, etc. These accounts have not all been settled yet, as there are many items in dispute. For the other ships a per capita basis has been agreed to in most cases, and settlement of claims is an easy matter. The exceptions are the transports loaned by the Imperial Government to the Canadian Government. As regards these it is not clear at present what the cost will be, and payments are made simply "on account."

Cloth for uniforms.—The department buys direct from the factories all the materials for uniforms and sells it to the manufacturer. This necessitates a close check on receipts and issues of cloth, and a monthly stock-taking of cloth remaining in store, as only by this means can the statement showing cloth on hand be verified. The stock taking is done by the accounting branch and the system has proved an absolute check on "errors and omissions" that might otherwise have not been brought to light.

As it requires a vast amount of clothing to clothe 250,000 troops, the accounting work in this connection is not at all light.

British and Foreign contracts.—These include all British and foreign orders placed with the Militia Department. Contractors claims are audited and paid by the department out of the funds furnished by the British and other Governments. The total amount of these payments to date stand at \$9,382,000.

In addition to this amount, \$55,000,000 has been paid by the department to the Shell Committee on account of shells manufactured or in course of manufacture for the British Government.

War Purchasing Commission. Separate ledgers are kept for all expenditure authorized by the Commission and in fact an account is opened for every order or contract approved by that body. This is necessary in order to prevent purchases being made in excess of the quantity authorized.

The number of orders or authorities received to date is 2,883.

Pensions.—War pensions are of course increasing rapidly in number. A branch has been formed from which all pensioners are paid.

The necessary forms, papers, etc., are sent out to them monthly and an account opened in each case with all particulars of the Order-in-Council authorizing the pension.

The foregoing gives an idea of the magnitude of the work in the pay and accounts branch, and how it is being carried on. It deals principally with the new work resulting from the war and does not touch upon the ordinary routine work which of course is very heavy, as the expenditure is so heavy, approaching now \$175,000,000 a year, which is more than Great Britain's war expenditure in 1913-14, viz £28,200. The Canadian War Office has therefore developed suddenly into a larger institution than the British War Office was two years ago.

(Sgd.) J. W. BORDEN,
A.P.M.G.

Nov. 26/15.

OTTAWA, Dec. 2, 1915.

The Deputy Minister of Militia and Defence.

SIR,—In accordance with your instructions, I now beg to submit a report embodying a general survey of the operations of the contracts branch during the first nine months of the war; this being roughly the period covered by the enquiry conducted by Sir Charles Davidson.

When war was declared, on August 4, 1914, the branch contained 29 employees, for both clerical and inspection duties; and the ordinary requirements of peace kept these very busy.

Generally speaking, the work consisted of:

1. Buying, inspecting and receiving from contractors, warlike stores, clothing, necessaries and equipment generally, and transferring these to the ordnance stores.
2. Certifying for payment all contractors' accounts therefor.
3. Obtaining tenders and making contracts for food supplies for men and horses—but not the receipt or inspection of these supplies, nor the certifying of accounts therefor.

The business done before the war amounted to three or four million dollars per annum. In the year ending July 31, 1914, about 12,000 letters were despatched and 575 requisitions of the quartermaster general for stores and clothing were dealt with.

In the 16 months since August 1, 1914, the business has amounted to about sixty million dollars, including about \$11,500,000 of contracts for supplies to the British, French and Russian Governments—or at the rate of \$45,000,000 per annum. From 75,000 to 100,000 letters were despatched; and 3,300 requisitions of the quartermaster-general—each representing many contracts—were disposed of.

Within six weeks after the outbreak of war, we bought, inspected and delivered into ordnance stores, nearly five million dollars worth of stores and clothing, etc., exclusive of contracts made for food supplies for 25,000 men, as well as forage for horses.

Thus, the equivalent, in value, of nearly two years ordinary business was handled by the branch in the first six weeks of the war. In this time, over 6,000 letters were despatched and 600 requisitions of the quartermaster-general dealt with.

The work was done under the most discouraging and disadvantageous circumstances.

The volume of business had suddenly multiplied many times over. The staff was barely sufficient even for peace requirements. The work was behindhand even before the war. The trained men of the branch qualified to take charge were very few and were much over tasked. Additional help of the kind needed—men of good capacity with business experience and some special training, were not available, since some preliminary training was necessary, and this was out of the question at that time. The time allowed for purchase and delivery of the supplies was of necessity very short indeed; and this alone made a great part of our difficulties. This will appear from the accompanying copy of a memorandum dated September 22, 1914, signed by the quartermaster-general and the director of contracts, giving in some detail a resumé of the work done, towards equipping the first contingent.

All this work for the first contingent was therefore disposed of by the ordinary staff, with some additional inspectors and half a dozen additional junior clerks.

Of necessity, the usual methods, the ordinary safeguards and precautions were not always practicable. In peace time, goods were bought usually after competitive tenders had first been obtained; unless the purchase was under a previously made contract, still in force. In the early days of the war, competitive tenders took much valuable time; sometimes they were got by telephone; occasionally they had to be dispensed with. In general, every possible short cut was taken to ensure the prime object—delivery of the goods in time.

The hours of work were extended to the uttermost—the working day varied from 10 to 20 hours, and the average must have been at least 70 hours weekly, for many months. The continuous strain of working at high tension, under great pressure, and with the knowledge that the time was far too short to allow proper attention to be given any transaction, even the most important, taxed the nervous and physical strength of all to the limit.

Under these circumstances, some irregularities were unavoidable; and it is surprising that so few occurred.

The later operations of the branch were conducted under great difficulties, but not of such an extraordinary character as at first.

Generally speaking, more time was available to procure supplies and tenders were generally obtained. But lack of office space prevented very necessary additions to the staff and the hours of overtime were as long as before. As more men were taken on, the quarters for both the clerical and inspection staffs became cramped and insufficient, resulting in inconvenience, congestion and arrears of work, and actually preventing our getting more help when it was much needed.

The transfer of the administrative control to an acting minister and a committee of ministers necessitated the preparation of much data for their information, not hitherto required. Work in connection with contracts for supplies to the British, French and Russian Governments demanded a great deal of time, and attention for many months after the middle of September.

By February 1st, 1915, the number of employees had increased to 135—mainly for inspection work; besides 31 inspectors and packers at work upon British and foreign saddlery. But not until May or later, of this year, was it possible to get the much needed additional space and to add sufficiently to the staff to enable it to overtake arrears and handle the work properly as it came.

The months of February, March and April, were times of absolute paralysis and congestion. The various parliamentary and other committees of enquiry and investigation absorbed practically all my time and that of the most valuable of my assistants, either in attendance thereon, or in preparation of papers and information called for. The work of the branch remained, perforce, at a standstill; although the necessity for it continued unabated. The arrears thus accumulated took months to overtake, after work was resumed, and the staff had been enlarged.

Two great hindrances to the work, not already referred to, were, first, the continual influx of visitors—either seeking contracts or employment, for themselves or others; and the innumerable complaints and accusations—made in person or by letter

—against the honesty or competence of individuals of the branch, or the fairness and propriety of the procedure adopted.

The visitors came daily in scores, even in hundreds, and could not be effectually denied, either because of their status or their importunity. A great deal of invaluable time was thus lost.

The complaints were mostly frivolous or unfounded; but could not be ignored.

The following partial list of clothing purchased since August 1st, 1914, will serve to give some idea of the magnitude of the business.

Greatcoats.. . . .	229,100
Cloaks.. . . .	70,500
Serge jackets.. . . .	401,500
Serge trousers.. . . .	298,000
Flannel shirts.. . . .	650,002
Suits underwear.. . . .	732,200
Service shirts.. . . .	278,000
Service trousers.. . . .	205,700
Sweaters.. . . .	398,225
Socks.. . . .	1,969,100
Forage caps.. . . .	313,000
Puttees.. . . .	474,800
Caps comforter.. . . .	515,000
Blankets.. . . .	746,500
Boots.. . . .	670,000

These fifteen items alone have an approximate value of \$15,929,845.

For the making of uniform clothing 9,566,000 yards of various materials have been bought, received, inspected and re-shipped to the various manufacturers of clothing.

These are only a few items amongst thousands dealt with.

The value of warlike and other stores bought (as distinguished from clothing) is as great or greater than the clothing; and their range and variety is much greater.

British and Foreign Contracts. Between August 1, 1914, and May 1, 1915, stores and equipments for British and Foreign Governments were bought, as follows:

British.

20,000 Sets saddlery at	\$45.50	\$ 910,000
21,000 " arty. harness at.. . . .	80.00	1,618,000
30,000 " arty. harness at.. . . .	65.75	1,972,500
41,000 Saddle blankets at.. . . .	3.06	125,460
25,000 Pairs arty. traces at.. . . .	9.45	236,250
300 Miles D. 3 cables at.. . . .	44.25	13,275
500,000 Aluminum water bottles at.. . . .	.94	470,000

French.

20,000 Sets saddlery at.. . . .	52.00	1,040,000
20,000 Saddle blankets at.. . . .	3.06	61,200
457,900 Grey army blankets at.. . . .	4.05	1,854,495
40,000 Sets arty. harness at.. . . .	40.20	1,608,000
20,000 Whips at.. . . .	.50	10,000
20,000 Numnahs at.. . . .	2.60	52,000
20,000 Saddle blankets.. . . .	4.00	80,000

Russian.

20,000 Sets saddlery at.. . . .	72.50	1,450,000
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\$11,563,180

The contracts, in all cases, were made in this branch; the supplies inspected and the accounts certified for payment.

It will be observed that the foreign business alone, handled during these nine months, was, in value, three times as great as the ordinary ante bellum work of the branch for the same time.

To sum up: The war suddenly increased the work from ten to fifteen times; and this had to be disposed of by a staff absurdly undermanned at first and never large enough, during the whole period now under review; and hampered by lack of time, lack of space, and many other hindrances to prompt and satisfactory despatch of business.

(Sgd.) H. W. BROWN.
Director of Contracts.

REPORT OF PAYMASTER GENERAL.

MR. THOMPSON: Mr. Borden is out of town but his assistant is here to speak as to that part of the report.

RALPH P. BROWN, assistant accountant, Department of Militia and Defence, sworn:

Examined by Mr. Thompson, K.C.:

Q. You are from the paymaster-general's office?—A. Yes.

Q. What is your position?—A. Assistant accountant.

Q. J. W. Borden has signed a report showing the work done by the paymaster's branch of the Militia Department during the years since the outbreak of war—have you read that report?—A. Yes.

Q. Is it correct?—A. Yes, sir, so far as my knowledge goes. I have a general knowledge of the report and of the statements made in it and I prepared some information for Mr. Borden in connection with it.

Q. That report generally is correct?—A. Yes.

Q. There is a tabulated list attached; is that correct?—A. The figures in the tabulated form are the figures up to the 31st of March and the other items are approximate figures.

The witness retired.

MR. THOMPSON: General Gwatkin telephoned me this morning that he was busy in the Militia Council and that he had nothing to add to this report, that it covers everything.

SIR CHARLES DAVIDSON: I would like to have it read and have it put in as evidence.

HARRY W. BROWN, director of contracts, was subsequently examined as to the report presented by him.

MR. THOMPSON: I now show Mr. Brown the report signed by him as directed to the Deputy Minister of Militia and Defence, dated the 2nd of December, 1915, which was one of the reports which the Deputy Minister of Militia forwarded to me and asked me to hand it to you, sir. Do I understand, Mr. Brown, that this report is correct?

MR. BROWN: Yes.

MR. THOMPSON: And you depose to the truth of the statements in this report?

MR. BROWN: Yes.

[Ottawa, Reports, Militia Department—Brown.]

Sir CHARLES DAVIDSON: Can you give an opinion as to the necessity for all these supplies for the Canadian troops?

Mr. BROWN: No, sir, that is not part of my duty.

The witness retired.

OTTAWA, Canada, Sunday, February 13, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

THOMAS P. OWENS,
Clerk of the Commission.

SAMUEL M. STONE, Vice-President of the Colts Patent Firearms Manufacturing Company, of Hartford, Connecticut, sworn:

Sir CHARLES DAVIDSON: I wish to have it on record that I learned a couple of hours ago that Mr. Stone, vice-president of the Colts company, was in the city, and I thought it would be of advantage that he should appear before me, and it may be that his examination to-day will avoid the expense of bringing him here specially on some other occasion, to give his evidence; it is certain to be of value, as regards such other information as it may be considered necessary to obtain from the Colts Firearms Company.

Captain John Thompson, K.C., Counsel to the Commission, has been in conference with me since last Wednesday morning, and he had to return last evening to Toronto to take up again his military duties in connection with his regiment.

Sir CHARLES DAVIDSON (to Mr. Stone): When are you leaving the city?

Mr. STONE: I intended to return this afternoon, but that is hardly possible now; I will leave to-morrow.

Sir CHARLES DAVIDSON: I am obliged to return to Montreal on the morning train—when did you arrive in the city, Mr. Stone?

Mr. STONE: At noon to-day.

Sir CHARLES DAVIDSON: You are here on the business of your company?

Mr. STONE: Yes, sir. I might explain, in reference to that, that the company had an order from the Canadian Government for 250 guns, which for some reason which I did not know of were diverted to the Russian Government, and it is in connection with the change of calibre and equipment on these guns that I am here to-day.

Sir CHARLES DAVIDSON: What had you to do in connection with the purchase by the Department of Militia and Defence, of revolvers and automatic pistols, between October, 1914, and the spring of 1915?

Mr. STONE: With the immediate purchase of these I was not directly a party, but as sales manager for the company, which I was at that time, I was familiar with the transaction, which was reported by the principals, who conducted the sale.

Sir CHARLES DAVIDSON: Who were the parties as between whom the contract was made. I refer to the purchase of 5,000 automatic pistols and 70 revolvers by the Canadian Government?

Mr. STONE: The 70 revolvers, I believe, were purchased at the same time as the pistols. What I have in my mind now is the purchase of 5,000 automatic pistols; Colonel Skinner was then vice-president of the company.

[Automatic Pistols—Stone.]

Sir CHARLES DAVIDSON: Look at the statement which appears at page 470 of Volume VI of the evidence taken by the Commission, and state if that, within your knowledge, represents the purchase made by the Department of Militia and Defence of Canada of pistols, revolvers and guns?

Mr. STONE: That looks correct to me. So far as the pistols are concerned, I know that there were 5,000 pistols, 45 calibre, purchased.

Sir CHARLES DAVIDSON: As regards the pistols, and the 70 revolvers, which form the second item on that statement, the statement is correct as to quantities and prices and as to the Colt automatic guns?

Mr. STONE: I cannot verify the quantities without reference to our books.

Sir CHARLES DAVIDSON: There is no question, I think, about the quantities as set forth in that statement—how were these purchases arranged for?

Mr. STONE: The orders came to us through General Hughes, but the first one through Colonel J. Wesley Allison.

Sir CHARLES DAVIDSON: What do you mean when you say the "first one"?

Mr. STONE: The first order for the automatic pistols.

Sir CHARLES DAVIDSON: That is the 1,000 pistols?

Mr. STONE: Yes. I know that the first order was for 1,000 pistols. There was some question at that time as to the right of an American manufacturer to ship goods to any of the countries involved in the war, and it was suggested that a means of getting pistols or guns to Canada might be arranged by having them shipped to Waddington, New York, and, consequently, Colonel Skinner, first vice-president, and chairman of our board, had an interview with the general, and they decided they would safeguard the possibility of getting them by arranging to have them shipped to Waddington, if necessary. After the verbal order for 1,000 pistols was given to Colonel Skinner—

Sir CHARLES DAVIDSON: By whom?

Mr. STONE: By Colonel Allison. That order was confirmed to us from the general, with instructions to have the goods billed to the Canadian Government—the first ones were shipped to Waddington.

Sir CHARLES DAVIDSON: How many?

Mr. STONE: There were two or three shipments, I understand that 300 of the pistols were sent direct by messenger from Hartford to Quebec, in order to catch a boat which was sailing. Other portions of them went to Waddington, but what portions, I cannot say offhand.

Sir CHARLES DAVIDSON: Waddington is on the south side of the St. Lawrence, opposite Morrisburg?

Mr. STONE: Yes; the subsequent shipments were made to the Department of Militia.

Sir CHARLES DAVIDSON: Why was the change in the consignment made?

Mr. STONE: Because there was good reason to suppose, at first, that we could not ship them where we chose.

Sir CHARLES DAVIDSON: Where was that order given, as between Colonel Skinner and Colonel Allison?

Mr. STONE: Either at Waddington or at Malone, N.Y., either at Colonel Allison's headquarters at Waddington, or Colonel Skinner's home in Malone, N.Y.; which of the two places I cannot state. Colonel Skinner returned to New York after a conference with Colonel Allison and General Hughes, and the order was given at that conference. I am informed that the order was given at a place called Moira, where General Hughes was present.

Sir CHARLES DAVIDSON: You do not know that of your own knowledge?

[Automatic Pistols—Stone.]

Mr. STONE: I do not know.

Sir CHARLES DAVIDSON: Where is Colonel Skinner now?

Mr. STONE: He is either at Hartford, or New York, or Washington. He has charge of the company's Government business at Washington, and spends much time there; I left him in New York yesterday.

Sir CHARLES DAVIDSON: Would he be available if his appearance is required here on next Friday?

Mr. STONE: I cannot say.

Sir CHARLES DAVIDSON: How could we find that out?

Mr. STONE: I will be in Hartford again on Tuesday next.

Sir CHARLES DAVIDSON: Will you undertake to find out if Colonel Skinner will be available on Friday next, and notify me at the Ritz-Carlton Hotel, Montreal?

Mr. STONE: Yes, sir.

Sir CHARLES DAVIDSON: And as regards your own movements, would you be available again to give evidence before the Commission?

Mr. STONE: That could be determined on my return to Hartford. My movements, in days like these, are such that I could not tell more than two or three days in advance where I am liable to be.

(NOTE.—The Orders-in-Council covering the orders for these pistols are to be found at Volume 6 of the evidence, page 507, et seq.)

Sir CHARLES DAVIDSON: With regard to the subsequent orders for pistols, had you anything to do personally with them?

Mr. STONE: Not personally. The order came to us in the regular way. The subsequent orders came to us by telegram in duplicate, there was another order for 1,000 additional pistols.

Sir CHARLES DAVIDSON: If you have the original of these orders here, it might be desirable to have them.

Mr. STONE: I have them in my room, and I will get them.

(The witness retired and subsequently said):

I now procure the original of the orders for the 5,000 pistols. They read as follows:

MINISTER'S OFFICE,

OTTAWA, September 5, 1914.

Colonel W. SKINNER,
Hartford, Conn.

Dear Colonel,—The Minister has confirmed the order given you yesterday for 1,000 of your No. 45 cal. Colt automatic pistols; to be shipped to me to Waddington, N.Y., as soon as possible.

Make your bill out to "Canadian Government, Department of Militia and Defence", and mail it to me immediately, and the Government will send you a New York draft for the total amount. An Order-in-Council was passed to-day for the amount.

The minister leaves for Valcartier to-night and is going to take a few days to check up their entire requirements. He will let me know the last of the week what additional orders he wishes me to place with you.

I will be in Morrisburg until Tuesday morning; Wednesday and Thursday at Hotel Seneca, Rochester, N.Y. Let me know where letter or wire will catch you the last of this and first of next week.

Hoping you are quite well and with kind regards.

Yours truly,

(Sgd.) J. WESLEY ALLISON.

Department of Militia and Defence,

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ROYAL COMMISSION

DEPARTMENT OF MILITIA AND DEFENCE,

Ottawa, Sept. 22, 1914.

Dear Col. Allison,—

I telegraphed you this morning as follows:

"Please ship 1,000 additional pistols, 100,000 rounds ammunition. Must reach Quebec Saturday next, without fail. Writing."

This, of course, is a repeat order, exactly upon the same terms as the last. Will you please give the matter your immediate attention, and arrange for delivery at Quebec, if at all possible by Saturday next? The shipment should be consigned to Lt.-Col. W. Hallick, ordnance officer, Quebec.

Yours faithfully,

H. W. BROWN,
Director of Contracts.

Col. J. Wesley Allison,
Morrisburg, Ont.

Ottawa, Ont., October 8, 1914.

Colt's.

Please supply three thousand automatic pistols same as last on date and at price mentioned your message to-day.

H. W. BROWN,
Director of Contracts.

Sir CHARLES DAVIDSON: Have you any trace of the order for the seventy revolvers?

Mr. STONE: No, I have not got that; I did not know the seventy revolvers had been in question at all.

Sir CHARLES DAVIDSON: Could you produce it?

Mr. STONE: Yes, I will send you a copy of that order.

Sir CHARLES DAVIDSON: Can you state now from whom that order came?

Mr. STONE: I cannot; the order would be perfectly clear as to that.

Sir CHARLES DAVIDSON: Can you state that now?

Mr. STONE: I could not give you any information about that offhand. I would want to go through the record on the file.

Sir CHARLES DAVIDSON: I understand you personally took no part in the bargaining for the pistols or revolvers.

Mr. STONE: Quite true, sir.

Sir CHARLES DAVIDSON: All that you know in that respect is from the official records and reports of your company.

Mr. STONE: Yes.

Sir CHARLES DAVIDSON: And what as to price; what price do you get for these pistols?

Mr. STONE: The price for the automatic pistols, calibre 45, is \$18.50. That price which we charged Canada is our price to all Governments except the Government of the United States. Since the outbreak of the war, we have not sold any pistols in any quantities to Governments, other than the Government of the United States, at less than \$18.50.

Sir CHARLES DAVIDSON: Have you any objection to state to what other Governments you have sold?

Mr. STONE: I would prefer not to. I might be able to tell you personally, but I do not want to tell you as a matter of record.

Sir CHARLES DAVIDSON: Do not bother about answering it then; you state that you sold to several Governments at the price of \$18.50.

[Automatic Pistols—Stone.]

Mr. STONE: To several Governments, and amongst them two or three of the Allies. We are filling now two large contracts for two of the Allies.

Sir CHARLES DAVIDSON: At what price?

Mr. STONE: \$18.50.

Sir CHARLES DAVIDSON: What do you call a large order?

Mr. STONE: 50,000 pistols, for instance.

Sir CHARLES DAVIDSON: Could you state in round figures the aggregate of the orders you have filled for other Governments, inclusive of the Allies, at \$18.50.

Mr. STONE: I would prefer not to; I could state it, but I would prefer not to. The fact is, that we have not sold any to Governments for less than \$18.50 f.o.b. Hartford, and that we have sold to several of the Allies at that price.

Sir CHARLES DAVIDSON: Apart from those 50,000 pistols you speak of, have you sold large numbers?

Mr. STONE: Yes, sir.

Sir CHARLES DAVIDSON: You have sold large numbers and far in excess of the order of the Canadian Government?

Mr. STONE: Yes, sir. The one order I speak of is limited to 50,000 only on account of our inability to furnish more; we could have an order for double the quantity if we could carry it out.

Sir CHARLES DAVIDSON: What is your discount to dealers?

Mr. STONE: A discount of twelve and a half per cent, a commission beyond that of five per cent, and a discount of two per cent, for payment within ten days from the date of the invoice.

Sir CHARLES DAVIDSON: That is a discount of twelve and a half per cent, and five per cent?

Mr. STONE: That is for the automatic pistols.

Sir CHARLES DAVIDSON: And for the revolvers?

Mr. STONE: We have different prices for different revolvers.

Sir CHARLES DAVIDSON: On the 45 calibre.

Mr. STONE: The new service revolver we do not give a discount of twelve and a half per cent on; we give a discount of ten per cent on them. I should explain that this commission of five per cent is not given universally. The discounts to all of the merchants start with what we call the base discount, which is uniform to all of the agents who are distributors. Some of the dealers get a commission of five per cent beyond this price, and others do not. That depends considerably upon the character of the business the merchant is doing; when he is a wholesale large distributor, he gets the five per cent.

Sir CHARLES DAVIDSON: That is in addition to the twelve and a half per cent.

Mr. STONE: Yes, that is what I describe as a commission. As regards the commission, the price is not uniform. The base discount of the new service Eley is ten per cent instead of twelve and a half per cent; that is, from the \$14 price which was charged for your seventy revolvers.

Sir CHARLES DAVIDSON: For example, Birkett of Ottawa gets a discount of twelve and a half, five and two, and Easdale of the Ketchum Company of Ottawa, as appears by his evidence on page 504, Volume VI, only gets a discount of twelve and a half and two?

Mr. STONE: Yes. That two per cent is conditional on the payment of cash within ten days from the date of the invoice. If they do not pay their bills within ten days, they will not get the two per cent.

Sir CHARLES DAVIDSON: Then you have the base discount, a commission, and a cash discount?

Mr. STONE: Yes.

Sir CHARLES DAVIDSON: There is a condition attached to that.

Mr. STONE: Yes; the dealer who gets from us a commission of five per cent is in agreement with us regarding the price at which he will sell the revolvers. We have several reasons for that. Primarily, it is to protect the man who does not get the five per cent, and, in the second place, to bring about a uniformity of the re-sale price, which we require to be adhered to.

Sir CHARLES DAVIDSON: Do you fix a re-sale price for a firm like Ketchum of Ottawa?

Mr. STONE: We fix the re-sale price for the jobber to make to the retailer.

Sir CHARLES DAVIDSON: You say the jobber?

Mr. STONE: Yes.

Sir CHARLES DAVIDSON: Whether they be wholesale or retail?

Mr. STONE: The wholesaler cannot sell below the re-sale price. We fix a re-sale price for all our sales to any dealer, whether he be a wholesale or a retail dealer, who buys from us at the discounts; we fix a re-sale price below which he is not to sell.

Sir CHARLES DAVIDSON: Could they not buy at a flat rate?

Mr. STONE: Without any discount?

Sir CHARLES DAVIDSON: Yes.

Mr. STONE: Then the price at which they buy would be equivalent to the established re-sale price which we have the others adhere to.

Sir CHARLES DAVIDSON: During these periods, shown in the accounts presented by you to the Government of Canada, what price did you fix to the retail trade in Canada, as regards automatic pistols?

Mr. STONE: The price is figured out this way:

Sir CHARLES DAVIDSON: Can you figure it out?

Mr. STONE: I can tell you how it is arrived at.

Sir CHARLES DAVIDSON: Please tell me, I cannot figure it out.

Mr. STONE: It would depend considerably on where he was located. For instance, a dealer who was located very convenient to Hartford, would not have to make his price the same as the dealer at Vancouver. The price is arrived at on the basis of \$18.50 at Hartford. He must add to that the duty into Canada and his transportation charges, so that it leaves a slight variation there, that they would be at liberty to sell at.

Sir CHARLES DAVIDSON: But the base of profit is the same, no matter what the locality of the dealer?

Mr. STONE: Yes, that is our object.

Sir CHARLES DAVIDSON: What is the basis of profit?

Mr. STONE: It is represented by the discount they get, twelve and a half, and five.

Sir CHARLES DAVIDSON: These are all staple discounts as regards locality. Would you sell to a man in Hartford at twelve and a half, five and two?

Mr. STONE: Quite so, and he would have no transportation charges, but if he were re-selling to any dealer, that dealer would have to pay him transportation charges.

Sir CHARLES DAVIDSON: Distinguish between a dealer and a jobber.

Mr. STONE: A jobber is one who re-sells goods to the retail dealer; the retail dealer is the man who retails over the counter to the consumer.

Sir CHARLES DAVIDSON: Ketchum and Company, of Ottawa, are retailers?

Mr. STONE: Ketchum and Company, I believe, sell goods at wholesale, either through their salesmen or through catalogues, and also at retail. May I say, if you please, that there are always exceptions to the fixed selling price, as we term it in the United States, to this extent: in the city of Chicago, for instance, there is a very large

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exclusive retail sporting-goods store, and we consider the value of that account so great to us that we will give them a price which a little retail dealer in a small town would not be entitled to, because he could not give us the returns to justify the benefit.

SIR CHARLES DAVIDSON: Could you give us any idea of the number of arms you annually sell?

MR. STONE: I prefer not to; I could, of course, but I prefer not to; it is a very large quantity, of course.

SIR CHARLES DAVIDSON: You would not say hundreds of thousands or millions?

MR. STONE: I prefer not to, but it is not a million.

SIR CHARLES DAVIDSON: It is in the hundreds of thousands?

MR. STONE: Yes.

SIR CHARLES DAVIDSON: What about your instructions to dealers or jobbers, with respect to the persons to whom they can sell?

MR. STONE: Do you mean individuals or corporations?

SIR CHARLES DAVIDSON: Corporations, governments, regiments, or others?

MR. STONE: We reserve for ourselves Government business. We do not sell any to governments by our distributors, and by distributors, I use the term broadly, I mean to include jobbers, retailers or agents. We do not permit them to negotiate government business. We reserve that to ourselves; it is a special department with us.

SIR CHARLES DAVIDSON: Suppose a jobber ordered 1,000 pistols, would you sell them to him?

MR. STONE: The first inquiry of the jobber who ordered 1,000 pistols would be, as to what he wanted them for. That sounds not reasonable, possibly, but the reason for it, chiefly, is this: the automatic pistols are patented, and the patent is owned by Mr. Browning, living at Ogden, Utah. We manufacture under license. There is a European manufacturer, who manufactures the same pistol under license, and he is confined to certain territory. We, in turn, have control of certain territory, and neither is permitted to sell arms in the other's domain. Consequently, the first question we would ask a jobber who ordered 1,000 pistols, would be: "For whom do you want these pistols; if it is for a government, we cannot permit you to have them; we reserve the government business for ourselves." The probability is, that in connection with an order of that kind, we would be ourselves negotiating with the Government.

SIR CHARLES DAVIDSON: But there is another license for these automatic pistols; what about the United States Government?

MR. STONE: They are sub-licensees, of our. They are licensed by Colt's, not by the inventor. We license them, just the same as we might make an arrangement of such a kind with the Canadian Government. The United States Government has the right to manufacture a certain percentage of the pistols they use.

SIR CHARLES DAVIDSON: Do you issue any instructions or orders to your jobbers, or dealers, with reference to these restrictions, as to the bodies or persons to whom they shall sell.

MR. STONE: No, sir, we do not issue any specific instructions in that respect, as to the dealers.

SIR CHARLES DAVIDSON: My information is to the effect that our dealers in Canada know nothing whatever about this control to which you refer.

MR. STONE: That would be possibly true. I might state that there are some exceptions to this, but it is not necessary to issue instructions, because we control it at the very source.

SIR CHARLES DAVIDSON: Have you any written circular to that effect?

MR. STONE: We have a form of selling order.

SIR CHARLES DAVIDSON: With these restrictions set out?

Mr. STONE: I do not recall the details of Canada, but we have such a rule in the United States. I do not know about Canada, for the reason that The Macfarlane Company in Montreal, who are our agents in Canada, issue the letters, and they have their five salesmen visiting the customers in Canada. I cannot say whether they have issued the restriction or not, but they know it.

Sir CHARLES DAVIDSON: I have been informed that dealers in Canada know nothing about a restriction of that kind.

Mr. STONE: Probably, but you will find they are not qualified to do big business with us.

Sir CHARLES DAVIDSON: What do you mean by "qualified"?

Mr. STONE: In the natural order of their business.

Sir CHARLES DAVIDSON: They are large houses?

Mr. STONE: You will realize, Sir Charles, that until this immediate development of our business, growing out of the war, the Canadian market has been a very limited one.

Sir CHARLES DAVIDSON: I do not wish to mention names, but a person came to me and made representations on that score, and he did not want his name mentioned.

Mr. STONE: Did he sell many of them?

Sir CHARLES DAVIDSON: He sold to regiments.

Mr. STONE: Since the outbreak of the war, there have been a number of dealers, quite a few in Winnipeg, some in Montreal, Toronto, St. John, and elsewhere, and they have bought pistols from us in small quantities, from two pistols to half a dozen, or a dozen, at a time.

Sir CHARLES DAVIDSON: What about selling pistols to a colonel for his regiment?

Mr. STONE: We would sell. If the colonel wrote and wanted half a dozen pistols, we would sell them for \$18.50 f.o.b. Hartford. That would be a matter of courtesy to your Government, the same as we do to our own Government.

Sir CHARLES DAVIDSON: Would your dealers have a free hand to sell to colonels of regiments, because that is part of the complaint this person made to me?

Mr. STONE: At a low price, do you mean?

Sir CHARLES DAVIDSON: For \$18.50, less twelve and a half per cent discount?

Mr. STONE: No, not with our knowledge. If we found a dealer doing that we would close our account with him, because he is practically violating the selling arrangement he has with us.

Sir CHARLES DAVIDSON: But he says he had no selling arrangement.

Mr. STONE: We do not give any dealer permission to sell at less than the \$18.50 base at Hartford, not in any quantity, or to any person.

Sir CHARLES DAVIDSON: He could do that at this more advantageous price?

Mr. STONE: Quite so, and if he is living up to the spirit of his agreement with us, he will not sell for less than \$18.50.

Sir CHARLES DAVIDSON: That is \$18.50, f.o.b. Hartford?

Mr. STONE: Yes. To show the earnestness of our position in that regard, I may say that one of the largest exclusive sporting-goods stores in the United States was a customer that bought many thousands of dollars worth of goods from us, and yet we have not sold a revolver or a pistol to him for several years, simply because we found he was violating this selling price arrangement. That is one of several customers in the United States who have violated their agreement with us as to the selling-price, and we have closed their accounts absolutely, permanently.

Sir CHARLES DAVIDSON: In Volume VI of the evidence, page 512, Birkett, referring to the wholesale price list of yours, dated the first of May, 1914, states that there are no discounts mentioned, and it was on this statement that I put the question to you, earlier in your examination, as to whether you disclosed your discounts?

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Mr. STONE: We do that, not on that sheet, but in a letter which accompanies the sheet.

Sir CHARLES DAVIDSON: Then Birkett was asked:

Q. Why is it the Colt's people do not mention in their wholesale list the amount of discount they allow?—A. I cannot say.

Then there is a statement showing that they should increase their re-sale price to cover the extra duty.

Mr. STONE: That would be explained, first, by the fact that the prices are not uniform in all instances, and, in the second place, that is a list furnished to the jobbers in the United States to distribute to the retail trade. Those are the list prices at which the jobbers in the States re-sell, they have a letter from us showing the discounts.

Sir CHARLES DAVIDSON: Have you a special list for Canada?

Mr. STONE: The same list would apply.

Sir CHARLES DAVIDSON: Is all Canada your territory?

Mr. STONE: Yes.

Sir CHARLES DAVIDSON: Would you manufacture arms to be sold in territory which is not what might be called your selling ground?

Mr. STONE: No. The arms for the territories which are not ours, are made at Liege, in Belgium, by another manufacturer.

Sir CHARLES DAVIDSON: Are there territories in the United States which you do not cover?

Mr. STONE: No, we have all of this continent.

Sir CHARLES DAVIDSON: And you say your discounts are published on a separate sheet?

Mr. STONE: Yes.

Sir CHARLES DAVIDSON: You have not that separate sheet with you?

Mr. STONE: No, sir. This man Birkett or the others who appeared before you would have that form.

Sir CHARLES DAVIDSON: What witness is available to show these entries in your books or any charges against these sales to the Canadian Government?

Mr. STONE: I do not know that you need a witness, because I have brought to you here copies of the invoices.

Sir CHARLES DAVIDSON: You did not bring them to me; I did not know you were here. Your statement gives the impression that I knew you were coming here.

Mr. STONE: Well, I did not mean that. I have them here; as an explanation as to why I happened to have them here, I wish to say that on my last visit when the question of the correctness of the price to the Government came up, I came to Ottawa to see what it was all about, and then I sent General Hughes a letter which I think you are familiar with.

Sir CHARLES DAVIDSON: There is a letter read by Major General Sir Sam Hughes, Minister of Militia and Defence, in the House of Commons, and which appears on pages 300 and 301 of Unrevised Hansard.

Mr. STONE: I am the official of the Company who wrote that letter.

Sir CHARLES DAVIDSON: Please read that letter, as it appears in Hansard.

Mr. STONE read the letter as follows:

HARTFORD, CONN., U.S.A., 13th January, 1916.

Major-General Sir SAM HUGHES,
Minister of Militia and Defence,
Ottawa, Ontario, Canada.

SIR,—

In reference to the price at which this Company has sold and is selling automatic pistols, cal. .45, to the Government of Canada and to wholesale hardware or sporting goods concerns throughout the Dominion, we desired to place you in possession of facts which we believe fully justify our position and account for the difference in price to the wholesale distributors.

Policy—For many years this company has marketed its product very largely through the medium of the wholesale distributors who, in turn, sell the arms to the small retail dealers, by whom the arms are again sold to the individual consumer.

The established wholesale list prices of the automatic pistol cal. .45, in the United States of America is \$18.50. From this price the distributor is allowed a discount of 12½ per cent and 2 per cent for cash, also, an additional commission of 5 per cent, provided he agrees to co-operate in the upholding of the resale price, and to assist to the best of his ability in creating a demand for the Colt's arms.

These concessions in price, we believe he is entitled to for the advertising done through the valuable space given in his catalogue for illustration and description of the pistol, to compensate him for investment represented by stock of pistols carried in his store, some of which he often keeps on hand for many months before selling, and to help share in other selling expenses, involved in the conduct of his business.

Our customers in Canada are requested to use as their selling price the United States price of \$18.50, plus duty into Canada, which as present is 37½ per cent, plus an amount sufficient to cover carriage charges and incidental expenses.

Government business—This company has in its selling arrangements with the dealers, reserved government business to be handled direct. Such business is of a spasmodic nature, not coming with any regularity as commercial business does, and usually when it come in any volume, is due to abnormal conditions requiring special attention.

Since the outbreak of the present war, we have had very large orders from several governments involved and each one, like your own, has requested us to do everything possible to effect speedy deliveries. This we have done at very great inconvenience and largely increased expenditure of manufacture. We have had to provide a large amount of additional space, procure a great many new machines, pay a much higher rate of wages to workmen, and in addition have given each and every workman a bonus of 12½ per cent of his regular wage in order to get the fullest measure of co-operation and loyalty. All pistols made for governments are subjected to unusual tests and most rigid inspection which involves extra expense.

These very unusual expenditures have added materially to the cost of the automatic pistol, cal. .45, and in consequence this company has not, since the beginning of the war, sold any of these pistols to any government other than the United States of America at a price lower than \$18.50, neither is it prepared to consider doing so. We have supplied and are at present supplying a great many of these same pistols to other governments involved in the war, at the same price you paid. This price has been uniform, regardless of quantity purchased.

The fact is, we consider the price most reasonable, in view of the service desired during a period of great stress, and we are proud to be able to serve so well as we have succeeded in doing, our friends who have wanted help. Had

we selfishly considered only our own interests, we could have placed much of our product at premium prices, but we have not done this, preferring to be loyal to our friends.

These pistols are made under a license for which we pay a considerable royalty to the inventor, who also has licensed a European manufacturer to make pistols of his invention, giving to them the exclusive right to sell in certain countries where we are not at liberty to offer our pistols. This fact makes it incumbent upon us to render strict account of the ultimate destination of each pistol we produce under the license, necessitating our exercising very rigid control of the sales. We would not consent to the re-sale of the pistols at a price less than \$18.50, by any dealer who buys from us.

Your orders to us for automatic pistols, Cal. .45, aggregated 5,000. We have regular wholesale dealers who each year purchase a greater number of pistols and revolvers than that from us. Business coming to us regularly from month to month, year by year, is much more profitable than irregular orders which demand unusual facilities to supply.

This company has its regular corps of travelling representatives throughout the world, who each year devote considerable time to the negotiation of government business, although in many countries, as in your own, many years pass without any business being secured. In consequence, a portion of the selling expense involved during each of these several years must be taken into consideration when the selling price to governments is arranged. Commercial business each year bears its own apportionment of the selling expense, but in government business, the sales for some one particular year or season, such as the present, must bear the allotment of several years selling expense.

We are not unappreciative of the orders with which you have honoured us, but we want you to fully understand the conditions under which we have to operate.

Yours truly,

COLTS PATENT FIREARMS MFG. CO.

SIR CHARLES DAVIDSON: Did you write that letter?

MR. STONE: I wrote that letter.

SIR CHARLES DAVIDSON: And what as to the correctness of the observations which it contains?

MR. STONE: They are entirely correct.

SIR CHARLES DAVIDSON: Have you anything further that you can add to that letter as to the business features or administration of your company, in respect to selling those pistols and revolvers to the Canadian Government?

MR. STONE: No, I think that letter sets forth our fixed policy very clearly.

SIR CHARLES DAVIDSON: Are you on salary with the company?

MR. STONE: Yes, sir.

SIR CHARLES DAVIDSON: You are not entitled to any commission?

MR. STONE: No, sir.

SIR CHARLES DAVIDSON: Directly or indirectly, did you profit by this sale of pistols to the Canadian Government?

MR. STONE: Absolutely no, except as an officer of the company, part of my salary comes out of these sales—I understand what you mean.

SIR CHARLES DAVIDSON: What territory do the Macfarlane Company of Montreal cover?

MR. STONE: All Canada, for commercial business.

SIR CHARLES DAVIDSON: Are they on salary?

MR. STONE: On commission.

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Sir CHARLES DAVIDSON: Would Macfarlane receive a commission?

Mr. STONE: In special cases, he would; he has not had a share in Government business; his is a commercial arrangement.

Sir CHARLES DAVIDSON: Do you know of any commission having been paid by your Company in connection with these Canadian Government orders?

Mr. STONE: Not a direct commission applying to the Canadian Government orders alone.

Sir CHARLES DAVIDSON: What do you mean by a direct commission?

Mr. STONE: I mean that we have in our employment men who negotiate Government business for us, and who are working to secure Government business, year in and year out, in various territories. We have one man who has done a great deal of business for us in Continental Europe, during the last two years, looking to the securing of contracts from three or four governments there. That man was very instrumental in assisting the Canadian Government in the securing of these arms, and to him we have given what I may call a present, or paid him an amount of money which is in return for general services rendered, or in negotiating or securing business at large, and trying to get business which he sometimes does not get. So that it may, in a sense, be called a present; whatever we consider a man of that kind to have been worth to us; we give him a payment for it.

Sir CHARLES DAVIDSON: And that purely has to do with relations between the employer and the employee?

Mr. STONE: Quite so, that is entirely so. I might say that any moneys we have paid to any persons who have represented us, or assisted us, in securing business of this kind in Canada, or from Great Britain or from France, or from Russia, or any of the Allies, has no bearing whatever on the price at which the respective governments buy the arms; any money we have paid in that respect is not at the expense of the buyer at all. We have a fixed selling organization, which represents one of the fixed charges against our business, and means the payment of salaries to our travelling men or to special persons we secure. For instance, our president went to London, and while there secured the services of a man to go to Russia on special business for us; he was in our employ on a fixed basis for six months, and that all comes into the selling expense.

Sir CHARLES DAVIDSON: So far as you are aware, have you paid any commission, in regard to these government orders, or promised any commission?

Mr. STONE: Only in so far as I have stated.

Sir CHARLES DAVIDSON: Have you paid any commission to any Canadian or any representative of Canadian interests?

Mr. STONE: Representative of Canadian interests, no, sir. I should say this, in qualifying, that we have been very careful, in every instance, when we have negotiated government business to satisfy ourselves at the outset that any person we secured to assist us was not in the employ of the respective governments.

Sir CHARLES DAVIDSON: I want to put the question blunter, in view of statements that have been made; has Colonel Allison derived any benefit from these purchases, or will he?

Mr. STONE: Colonel Allison it is to whom I have referred, that the company has presented money to, for his general services to us.

Sir CHARLES DAVIDSON: He is the one you had in mind?

Mr. STONE: Yes, anticipating your question. I may say that was for general services in Europe. Colonel Allison was with our president in London, and he went to France and spent a considerable time and a great deal of money over there in endeavouring to secure orders.

Sir CHARLES DAVIDSON: In connection with Canadian contracts?

Mr. STONE: No, sir.

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Sir CHARLES DAVIDSON: In connection specially with these purchases?

Mr. STONE: We have given to Colonel Allison sums of money for his general services.

Sir CHARLES DAVIDSON: In connection with government work?

Mr. STONE: In connection with government work at large.

Sir CHARLES DAVIDSON: Define what you mean by the words "at large"?

Mr. STONE: Throughout Europe and this continent.

Sir CHARLES DAVIDSON: Have you any objection to state what the sum is, or whether it is nominal or not?

Mr. STONE: It is a very nominal sum. In fact, I would say that about the first of the year we tendered to Colonel Allison a sum of money which he would not take. He said: "I do not feel that my services to you have been worth that." And he took about half of what we were willing to present to him.

— Sir CHARLES DAVIDSON: It might be proper for you to state what it is.

Mr. STONE: I would prefer not. Even if I were willing to, I could not state it definitely, and I think it is a matter between Colonel Allison and ourselves.

Sir CHARLES DAVIDSON: Had he anything to do with securing for your company these contracts with the Canadian Government?

Mr. STONE: As I explained at the outset, Colonel Allison was used largely by the Canadian Government as a means of assisting them in getting arms. Colonel Allison was suggested to us for that purpose at the outset.

Sir CHARLES DAVIDSON: Who could speak as to the features of this order, with respect to the haste in getting out the order?

Mr. STONE: Any of us who are engaged in the factory could.

Sir CHARLES DAVIDSON: Could you give me their names?

Mr. STONE: I have given all the details of that in the letter which I wrote to General Hughes.

Sir CHARLES DAVIDSON: So far as you know, was there anything in the remotest degree which could be styled graft, or rake-off, or undue commission, with respect to this?

Mr. STONE: Appertaining to any of this business, absolutely no.

Sir CHARLES DAVIDSON: As regards the purchase of these pistols?

Mr. STONE: Absolutely, no.

Sir CHARLES DAVIDSON: Do I understand you to affirm solemnly that as regards your company, it was fair and honourable business transaction?

Mr. STONE: Absolutely, yes.

Sir CHARLES DAVIDSON: And as to the price?

Mr. STONE: Absolutely, so.

Sir CHARLES DAVIDSON: Have you sold to the United States Government these pistols at \$14.50?

Mr. STONE: About that price.

Sir CHARLES DAVIDSON: And yet you charged the Canadian Government \$16.50.

Mr. STONE: If the Canadian Government had been in the position of the United States Government for the past fifty years with the Colt company, if the relations of the Canadian Government were the same to the Colt company as are the relations of the United States Government, the matter would be on an entirely different basis. The Canadian Government and some other governments came to us under circumstances of great emergency. We, at great inconvenience to ourselves, at a satisfactory profit, are willing to serve you to the best of our ability. The United States Government were dealing with us year in and year out on a mutual co-operative basis. We license them to make for themselves a certain percentage of the goods which we make. We

enter into a contract with them that we shall supply them with so many pistols, and thereafter we license them to make a percentage of all the additional pistols they need, and they pay us a license for that.

Sir CHARLES DAVIDSON: What do the United States Government pay you?

Mr. STONE: I prefer not to state that.

Sir CHARLES DAVIDSON: We have the fact on record that you sell to the New York State Government at \$14.50.

Mr. STONE: I am not denying that.

Sir CHARLES DAVIDSON: You sell at that price to the New York State Government?

Mr. STONE: Well, not to the New York State Government, but to the New York State militia. When I speak of the New York State Government, I speak of that branch of the Government which is styled the State Militia.

Sir CHARLES DAVIDSON: Would you explain that?

Mr. STONE: The State militia and the militia of the various states, have the privilege of drawing from the Federal Government direct, or from the Ordnance Department, or from the manufacturing concerns serving the Government, at the same price as they sell to the Federal Government. The national guards of the various states are entitled by law to purchase direct from the Federal Government through its Ordnance Department, arms, at practically the prices paid by the Federal Government to the manufacturer.

Sir CHARLES DAVIDSON: Who could speak from personal knowledge as regards this transaction, as to its financial features; you are only speaking so far as your general knowledge is concerned?

Mr. STONE: Do you mean the payments by the Canadian Government to the Colts company.

Sir CHARLES DAVIDSON: The payments to the company, and what became of these payments?

Mr. STONE: These payments would go into the company.

Sir CHARLES DAVIDSON: You do not know that of your personal knowledge, because you are not the auditor.

Mr. STONE: Here are copies of the invoices covering the purchase of the 5,000 pistols; there is a statement of the amounts and the payments made.

Sir CHARLES DAVIDSON: There is no difficulty about that, but I mean as regards any payment out of these moneys specifically to anybody.

Mr. STONE: I do not believe we would be inclined to state how we distribute our funds; I think that is a matter for our personal information.

Sir CHARLES DAVIDSON: You have answered to-day, and I do not say whether some person else, who has a definite knowledge, would answer in the same way or not, but I would like some person who has a definite knowledge.

Mr. STONE: It depends on how far you would want to go.

Sir CHARLES DAVIDSON: As far as I went with you to-day.

Mr. STONE: I have said that we presented sums that came out of our general sales; these moneys go into our general sales returns and out of that general fund we have paid money to persons for services rendered.

Sir CHARLES DAVIDSON: That is an entirely proper transaction, one would think, at this moment.

Mr. STONE: That was our regular custom in all transactions.

Sir CHARLES DAVIDSON: But you know the difference between payments of that kind to men who practically are on the salaried list of your company, and what is known as rake-off or graft.

[Automatic Pistols—Stone.]

Mr. STONE: I would not consider that money that was taken out of any of our sales and paid to any man for services rendered, in a broad and general way, is savouring of graft at all. The fact that the Canadian Government, to cite one Government, comes to us and buys arms of us at the lowest price at which we are willing to sell them, and the fact that through sales to the Canadian Government, and through sales to other Governments, and through our commercial business, we pay sums of money from our general treasury to individuals for services rendered, has nothing to do with any question of that kind.

Sir CHARLES DAVIDSON: That is a different thing; that is quite legitimate; that would appear to be a legitimate course of business.

Mr. STONE: That is what I am trying to show.

Sir CHARLES DAVIDSON: But as I understand the charge made, in the popular sense, here is: that there was a rake-off of some kind.

Mr. STONE: Would you consider—

Sir CHARLES DAVIDSON: I would not consider the payments you refer to as a rake-off. I would consider that as part of the business organization.

Mr. STONE: It is a legitimate selling expense. Why should we expect any one to work in our interest, in a broad way or in a specific way, without compensating him?

Sir CHARLES DAVIDSON: For example, if you sold these pistols to the Canadian Government for \$18.50 each, and in consideration of making that sale you gave some person two and a half per cent, or three per cent, possibly, for having effected that sale.

Mr. STONE: I would say that was quite a different proposition, but I would say that if we had some fixed price for the Canadian Government and other Governments, excepting the United States, if we have one fixed price of \$18.50 for the Canadian Government, and all other governments excepting the United States, and we use any portion of the money we receive from sales at that price to any of the governments to help pay any individual or individuals for services rendered to us, that it is a legitimate and straight business transaction.

Sir CHARLES DAVIDSON: I understand from you in a word that you have not paid a sixpence except to the regular staff of your company.

Mr. STONE: I do not wish to leave the impression that we have paid any money or given any benefit of any kind whatever to any officer, or employee, or anybody in connection with the Militia Department of Canada in connection with the sales of these pistols or other materials to the Canadian Government. We have not paid to any official of the Department of Militia, or to any one in connection with the department, any sum of money whatever. To qualify that, I must say that I understand that Colonel Allison is in no way in the employ of the Canadian Government.

Sir CHARLES DAVIDSON: And you have not paid any money to any Canadian other than to the extent of which you have spoken: to Colonel Allison, who is one of the regular staff of your company?

Mr. STONE: No, I would not put it that he is on the regular staff of our company; Colonel Allison has been serving us in a special way since the outbreak of the war.

Sir CHARLES DAVIDSON: Consider it any way you like, is he on the pay-list of your company?

Mr. STONE: Yes, but I would not like to consider him one of our regular staff. We presented him with a sum of money we thought he was entitled to for services rendered, and it is very small.

Sir CHARLES DAVIDSON: Is he on your staff?

Mr. STONE: To the extent of receiving pay from us for services rendered for unusual business. We do not consider Colonel Allison to be on our regular staff.

Colonel Allison was in England, as I have stated, with the president of our company, and he assisted us in our business in France. We did not pay Colonel Allison any money for his expenses in France at the time they were incurred, and the money given to him would include his expenses. That, I think, is answered by our earlier testimony where we said that the money paid Colonel Allison was to cover general expenses. We have others, in other countries than Canada, who occupy a similar position in connection with our company that Colonel Allison does.

Sir CHARLES DAVIDSON: This evidence will be extended and a copy will be sent to Mr. Thompson, K.C. In case that further information is found to be required from Mr. Stone, his attendance will be requested.

Mr. Stone produced duplicate invoices from the Colts Patent Fire Arms Manufacturing Company, of Hartford, Conn., to the Dominion of Canada, as follows:

COLTS PATENT FIRE ARMS MANUFACTURING CO.,
Hartford, Conn., U.S.A.

Invoice No. 6675.

September 11, 1914.

Sold to Canadian Government,
Department of Militia and Defence.

(Full value stated)

(Shipped by Adams Express)

1,000 45 cal. auto. pistols, Govt. model, each \$18.50 . . . \$18,500 00

Shipped to: J. Wesley Allison,
Waddington, N.Y.

COLTS PATENT FIRE ARMS MANUFACTURING CO.,
Hartford, Conn., U.S.A.

Invoice No. 7476.

September 24, 1914.

Sold to Canadian Government,
Department of Militia and Defence.

(Delivered by Messenger.)

300 45 cal. automatic pistols, Govt. model, each \$18.50 . . \$5,550 00

Exp. of delivery, based on express.

COLTS PATENT FIRE ARMS MANUFACTURING CO.,
Hartford, Conn., U.S.A.

Invoice No. 7739.

September 29, 1914.

Sold to Canadian Government,
Department of Militia and Defence.

Shipped by Adams Express, full value stated:

300 45 cal. automatic pistols, Govt. model, each \$18.50 . . \$5,550 00

To: J. Wesley Allison,
Waddington, N.Y.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 7327.

Sept. 30, 1914.

Sold to Canadian Government,
Department of Militia and Defence.
Shipped by Adams Express—Full value stated.

100 .45 cal. automatic pistols, Govt. model, each \$18.50.. \$1,850 00

To: J. Wesley Allison,
Waddington, N.Y.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 7953.

October 1, 1914.

Sold to Canadian Government,
Department of Militia and Defence.
Shipped by Adams Express—Full value stated.

180 .45 cal. automatic pistols, Govt. model, \$18.50.... \$3,330 00

To: J. Wesley Allison,
Waddington, N.Y.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 8008.

October 2, 1914.

Sold to Canadian Government,
Department of Militia and Defence.
Shipped by Adams Express—Full value stated.

120 automatic pistols, cal. 45, Govt. model, \$18.50.... \$2,220 00

To: J. Wesley Allison,
Waddington, N.Y.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 9873.

October 31, 1914.

Sold to Canadian Government,
Department of Militia and Defence.
Shipped by N.Y., N.H., & H.R.R. care N.Y.C. & H.R.R.

1,000 .45 cal. automatic pistols, Govt. model, \$18.50.... \$18,500 00

To: H. W. Brown,
203 Queen Street,
Ottawa, Ont.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 264.

November 7, 1914.

Sold to Canadian Government,

Department of Militia and Defence.

Shipped by N.Y., N.H. & H.R.R. care N.Y.C. & H.R.R.

1,000 45 cal. automatic pistols, Govt. model, \$18.50.... \$18,500 00

To: H. W. Brown,

203 Queen Street,

Ottawa, Ont.

COLTS PATENT FIRE ARMS MANUFACTURING Co.,
Hartford, Conn., U.S.A.

Invoice No. 671.

November 14, 1914.

Sold to Canadian Government,

Department of Militia and Defence.

Shipped by N.Y., N.H. & H.R.R. care N.Y.C. & H.R.R.

1,000 Colt auto. pistols, cal. 45, Govt. model, \$18.50.... \$18,500 00

Spare Parts.

250 disconnectors.. . . .	.18	45 00
500 extractors.. . . .	.20	100 00
500 firing pins.. . . .	.12	60 00
500 firing pins springs.. . . .	.04	20 00
250 firing pin stops.. . . .	.15	37 50
500 hammer pins.. . . .	.03	15 00
500 hammer struts.. . . .	.08	40 00
500 hammer strut pins.. . . .	.03	15 00
500 housing pins.. . . .	.03	15 00
250 housing pin retainers.. . . .	.03	7 50
500 links.. . . .	.06	30 00
500 link pins.. . . .	.03	15 00
250 main springs.. . . .	.05	12 50
250 main spring caps.. . . .	.04	10 00
250 main spring cap pins.. . . .	.03	7 50
250 plugs.. . . .	.06	15 00
500 plunger springs.. . . .	.03	15 00
500 recoil springs.. . . .	.05	25 00
250 recoil spring guides.. . . .	.15	37 50
500 safety lock plungers.. . . .	.03	15 00
500 sears.. . . .	.15	75 00
250 sears pins.. . . .	.03	7 50
500 sear springs.. . . .	.12	60 00
250 slide stops.. . . .	.40	100 00
500 slide stop plungers.. . . .	.03	15 00
250 stocks, left.. . . .	.35	87 50
250 stocks, right.. . . .	.35	87 50
500 stock screws.. . . .	.03	15 00

Shipped to H. W. Brown,

203 Queen Street,

Ottawa, Ontario.

\$19,485 00

COLTS PATENT FIRE ARMS MFG. Co.,
Hartford, Conn.

Feb. 12, 1916.

Statement.

The Dominion of Canada.

To invoice rendered:

(No. 6675)	Sept. 11, 1914.. . . .	\$18,500	
(No. 7476)	" 24, 1914.. . . .	5,550	
(No. 7739)	" 29, 1914.. . . .	5,550	
(No. 7827)	" 30, 1914.. . . .	1,850	
(No. 7953)	Oct. 1, 1914.. . . .	3,330	
(No. 8008)	" 2, 1914.. . . .	2,220	
(No. 9873)	" 31, 1914.. . . .	18,500	
(No. 264)	Nov. 7, 1914.. . . .	18,500	
(No. 671)	" 13, 1914.. . . .	19,485	
			\$93,485

Credits.

By cash—Oct 5, 1914.. . . .	\$18,463
Oct. 31, 1914.. . . .	5,550
Nov. 30, 1914.. . . .	37,000
Dec. 31, 1914.. . . .	32,435
Aug. 19, 1915.. . . .	47
	\$93,485

We hereby certify that the foregoing statement is a true record of the accounting covering the transactions enumerated thereon.

COLTS PATENT FIRE ARMS MFG. Co.

(Sgd.) A. L. ULRICH.

OTTAWA, Canada, Friday, February 18, 1915.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, KNIGHT,

Commissioner.

JOHN THOMPSON, K.C.,

As Counsel to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

At the sitting of the Commission.

Mr. THOMPSON, K.C.: When the Commission was sitting at Victoria, investigating the purchase of submarines, I asked the Manager of the Canadian Bank of Commerce of that city to procure for me copies of the drafts which were issued and handed to J. V. Paterson in payment for the submarines. You will recollect, sir, that there were three drafts, one for \$500,000, one for \$399,437.50, and one for approximately \$250,000. The draft for \$250,000 was retained by Paterson and the other two were sent to the Electric Boat Company. In pursuance of that request the manager of the Canadian Bank of Commerce, on the 8th of October last—you will recollect, sir, we were sitting in Victoria in October—wrote me the following letter:

[Ottawa—Submarines.]

ROYAL COMMISSION

THE CANADIAN BANK OF COMMERCE,
VICTORIA, B.C., October 8, 1915.

JOHN THOMPSON, Esq., K.C.,
Ottawa, Ont.

DEAR SIR,—I am forwarding copies of our drafts on New York Nos. 15882, \$500,000, and 15883, \$399,437.50, to our Ottawa Branch, to be delivered to you, as you asked me to do when you visited Victoria in connection with the Submarine Enquiry.

I shall be glad to know that they have reached you in due course.

Yours truly,

Sgd. F. L. CRAWFORD,
Manager.

On the 14th of October, 1915, the Manager of the Canadian Bank of Commerce at Ottawa wrote me this letter:

THE CANADIAN BANK OF COMMERCE,
OTTAWA, ONT., October 14, 1915.

JOHN THOMPSON, Esq., K.C.,
22 Metcalfe Street,
Ottawa.

DEAR SIR,—We have received from our Victoria Manager copies of two drafts issued by our Victoria Branch in August 1914 for \$500,000 and \$399,437.50 respectively. These are at your disposal and we shall be glad if you will call upon us for them if they are required by you.

Yours truly,

Sgd. D. W. FALKNER,
pro Manager.

I now put in these two drafts and these letters as on the record.

Sir CHARLES DAVIDSON: And the third draft?

Mr. THOMPSON: The third draft is the draft that was handed to Paterson.

Sir CHARLES DAVIDSON: These are the New York drafts?

Mr. THOMPSON: Yes. These were the two drafts issued upon the Bank of Commerce. The auditor general reminds me, sir, that the draft for \$250,000, speaking in round numbers, which was retained by Paterson, was issued by the Canadian Bank of Commerce in Victoria on the Bank of Commerce in Seattle, and was returned to the Bank of Commerce in Victoria, and the auditor general saw it there in possession of Mr. Crawford, the manager of the bank. He reminds me also that there is no question about Paterson having received that draft. It is endorsed by him and deposited in his account. The drafts about which there might have been a doubt were these two drafts issued by the Canadian Bank of Commerce to Paterson and sent to New York. There was some question raised as to why there should be two drafts; at any rate, the two drafts are now produced.

In perusing the evidence given at Victoria with reference to the submarines, I notice, sir, that when we were examining Captain Logan he made reference to a man named Kay. I asked him what the first name of Kay was and where he could be found.

Sir CHARLES DAVIDSON: The reference to that is in Volume V of the evidence, page 85.

Mr. THOMPSON: Logan said that Kay telephoned him about the submarines generally, and the possibility of procuring the vessels. I asked Logan what Kay it was, and where he could be found, and what his address was, and he said he did not know, [Ottawa, Submarines.]

but he thought there was some one in court who might know. He said he would ascertain later. I asked him specifically during the sittings if he found Kay, and he told me that he had not been able to do so. I may say that I wrote to Captain Logan to know whether he had found this person, and I have his reply. I thought I would mention this to show that the matter did not escape our attention. When the sittings were in progress at Victoria, I specifically asked Logan whereabouts was this man Kay.

I also asked Paterson, the president of the Seattle Dry Dock and Construction Company, the date of his arrival in Victoria, and he was unable to fix it at the time. I asked him to verify the exact date.

Sir CHARLES DAVIDSON: The reference to that in the evidence is Volume V, page 75.

Mr. THOMPSON: Paterson has been away in New York and elsewhere almost since the days of our sittings in Victoria. He told me in Victoria, at the sittings, that he would verify the date by his records as soon as he got to Seattle.

Mr. THOMPSON: When at Victoria, in the investigation of the purchase of horses by Colonel McRae, and in reference to that purchase, there was one firm of horse-dealers who figured rather prominently. I refer to Dixon Brothers and Schultz, who sold quite a large number of horses. I am asking the Auditor General to produce the cheques covering the purchase of a batch of 11 horses, and also a batch of 27 horses bought from Dixon Brothers and Schultz.

Sir CHARLES DAVIDSON: The auditor general will produce them?

Mr. THOMPSON: Yes.

Mr. FRASER (Auditor General): I now produce cheque in favour of R. Dixon for 27 horses, for amount \$4,185, cheque No. 13389.

I also produce:

Cheque No. 13154, in favour of Louis Schultz, for one horse, \$125.

Cheque No. 13155, in favour of Louis Schultz, for one horse, \$135.

Cheque No. 13156, in favour of Louis Schultz, for one horse, \$125.

Cheque No. 13157, in favour of Louis Schultz, for one horse, \$135.

Cheque No. 13158, in favour of Louis Schultz, for one horse, \$105.

Cheque No. 13159, in favour of Louis Schultz, for one horse, \$135.

Cheque No. 13160, in favour of Louis Schultz, for one horse, \$140.

Cheque No. 13161, in favour of Louis Schultz, for one horse, \$135.

Cheque No. 13162, in favour of Louis Schultz, for one horse, \$80.

Cheque No. 13163, in favour of Louis Schultz, for one horse, \$140.

Cheque No. 13164, in favour of Louis Schultz, for one horse, \$160.

These cheques were signed by F. N. Cunningham and by Dr. Henderson, the veterinary inspector.

The cheques were handed back to the auditor general.

Mr. THOMPSON: In connection with the purchase of horses by Colonel McRae, I put in a copy of a report made by him to the Minister of Militia, dated 12th May, 1915, my intention being to put the original in as an exhibit. I have asked Captain Daly to produce it. He informs me it is on the file somewhere, but he is unable to put his hands on it.

Sir CHARLES DAVIDSON: What about the cheque-books of Colonel McRae?

Mr. THOMPSON: They are being produced by Colonel Clarke, and also the report made by Elder at Brandon, whom we examined at Winnipeg.

Elder prepared a statement of the horses purchased and the horses shipped by McRae, because some question had arisen as to there being a shortage. You will recollect, sir, that he referred to a statement made by a man named Settell, of Toronto, and that in consequence of that statement Elder prepared this list and rechecked the

[Ottawa, Brandon Horses.]

horses, and he said in his evidence he sent it to Colonel Clarke at Ottawa. I spoke to Colonel Clarke, and he said that as far as his recollection goes he never received it, but that it must be in the department. He is also looking up Colonel McRae's cheque-books.

Sir CHARLES DAVIDSON: He will appear later?

Mr. THOMPSON: Yes, he informed me that the cheque-books from the remount officers had not been filed away under any particular number, but these cheque-books will be available and will be produced.

(Reference to this evidence, Volume V, page 215.)

Sir CHARLES DAVIDSON: You may say, Mr. Thompson, that you have been absent from Ottawa in the discharge of your military duties at Toronto.

Mr. THOMPSON: That covers all at the present in reference to the western horses. There is something further as to Reynolds, the adjutant at the remount depot at Regina. One of the witnesses at Regina stated that this officer had been discharged. He wrote a letter stating that he was in the employ of the Remount Department until the office at Brandon was closed. Colonel Clarke will speak as to how his services terminated.

Mr. THOMPSON: One of the Government purchasers stated that after he had purchased four or five horses from a man named McLeay at High River, and issued the cheques, McLeay offered him \$25. I wrote to McLeay and told him of this statement and asked him for an explanation, but he has not replied.

Mr. THOMPSON: I sent a subpoena to my agent at Kingston, asking him to serve Dodge Brothers in relation to the purchase of pistols, but he informs me that there is no such firm there. I telephoned to my agent this morning and I informed him that the name was Dalton Brothers, and Dalton Brothers have been served.

Mr. THOMPSON: You asked me, sir, to ascertain whether Major Potter, of the Army Medical Corps, was overseas or in Ottawa. Captain Daly informs me that he is in Ottawa and will appear here this afternoon. His evidence will be taken with reference to the Brownlee case.

HUGH WILSON, horse-dealer, Oakville, Ont., sworn:

Mr. THOMPSON: This evidence is in connection with the purchase of horses in Peel county. The information was that Cox had presented fifty horses to the Government, that these horses had been accepted, had been trimmed up, had their tails trimmed up and otherwise put in shape, had been used for some time, that they were then rejected, and that subsequently a number of these horses were sold to the Government. It was not stated how many, but ten or fifteen it was stated were sold by Mr. Hugh Wilson, foreman to Mr. Cox, to the Government purchasers at Brampton. I will be unable to conclude this testimony to-day because Mr. Cox is in California and is not expected to be back for a couple of months. I have testimony, which I will read you, sir, for what it is worth, in the nature of a letter published in the Toronto press by Mr. Cox, explaining this transaction. It can be verified later on oath by Mr. Cox.

The facts appear to be these: Mr. Herbert Cox is honorary colonel of the Mississauga Horse, of Toronto, a mounted regiment. When war was declared the officers of the Mississauga Horse desired to train both men and officers for overseas service and there were no horses available. Mr. Cox, without any remuneration, at his own expense, provided fifty horses and loaned them to the Mississauga Horse. Mr. Aemilius Jarvis, who I think is honorary colonel of the Governor General's body-guard, at his own expense, and without any remuneration, purchased another fifty horses and loaned them to the Mississauga Horse, making one hundred horses in all. The officers of that regiment then formed a camp at Long Branch near Toronto, which

[Ottawa, Brampton Horses—Wilson.]

was conducted, as I understand, without any remuneration to the officers, and it cost only a few cents per day per man. I think they paid each man about 25 cents per day; it was practically therefore without cost in that respect.

After the camp—or school of instruction, which would be the proper term to apply to it—was broken up, Mr. Cox took back his horses. Mr. Jarvis also took back his. I will read the statement published by Mr. Aemilius Jarvis, showing what became of his horses; no question was raised about his horses. The letter is not here at the present moment but it will be here to-morrow. The city of Toronto purchased the horses of Mr. Aemilius Jarvis and Mr. Cox took his horses back after the camp was broken up, and Mr. Wilson, his manager, disposed of most of them. I will examine Mr. Wilson on that.

By Mr. Thompson, K.C.:

Q. You heard my statement, Mr. Wilson, with reference to Mr. Cox's horses?—A. Yes.

Q. That statement is correct?—A. Yes.

Sir CHARLES DAVIDSON: You might establish the witness' relation to Cox; have we got that in evidence.

By Mr. Thompson, K.C.:

Q. Are you in Mr. Cox's employment?—A. Yes, I am his manager.

Q. Manager of what?—A. I am business manager of the farm.

Q. What farm?—A. We farm in Oakville.

Q. About how many horses have you got?—A. We have got 103 horses on the farm.

Q. Is that the usual number you keep?—A. We sometimes have 125, as many as we can stable; we buy and sell.

Q. Will you tell me what instructions you received from Mr. Cox with reference to the horses in question?—A. I was sent out by Mr. Cox.

Q. When?—A. I do not know the day.

Q. Would it be about October, 1914?—A. I think it was in October, 1914. I was sent out to buy 100 horses and had them sent to the Ennis Clare farm, at Oakville, that is Mr. Cox's farm. We trimmed the horses and shod them and delivered them—no, we did not deliver them—they sent for them.

Q. Who sent for them?—A. Colonel Gordon, I think he was the Colonel then. He sent his men for the horses.

Q. He was Colonel of the Mississauga Horse?—A. Yes.

Q. He sent for the horses and took them to Long Branch?—A. Yes.

Q. Is that where the camp or school of instruction was established?—A. Yes.

Q. How long had they had the horses there?—A. I do not know how long they had the horses there. I had nothing else to do with the horses until the horses came back to the farm. Forty-nine horses were sent back, and then I sold the horses.

Q. When were they sent back?—A. When the camp broke up.

Q. Would that be in September?—A. Oh yes, it was long after that. It must have been in October or November before they broke up, because the show was on the ground when we had the horses on the farm.

Q. What instructions did you receive from Mr. Cox with reference to these horses?—A. Nothing but to sell them.

Q. Did you sell any at Brampton?—A. Yes.

Q. How many?—A. Twelve.

Q. To whom did you sell them?—A. To Mr. E. J. Jones.

Q. Can you tell me what qualification you have to enable you to speak as to the quality of horses, their soundness, and so on?—A. I bought the horses myself without a vet.

Q. What is your experience in horses?—A. I have been buying and selling horses for 15 or 18 years, I have been showing horses since 1888, the first year I showed in the gardens in New York.

Q. How long have you been with Mr. Cox?—A. Six years.

Q. What class of horses did you sell to E. J. Jones at Brampton?—A. I bought them for cavalry horses, of course. They were a nice type, as good a type as I could find in the country for the price I could afford to give, which was anywhere in the neighborhood of \$300 or \$350 per horse.

Q. What would be the average?—A. Mr. Cox, I believe, averaged the horses at \$180.

Q. Did you purchase them?—A. I purchased them.

Q. Did you issue cheques for them or did he?—A. I issued my own cheques.

Q. What would these horses average in price?—A. That is the average he gave me, to the city of Toronto, I think.

Q. What did you pay for these horses?—A. They averaged \$195 each.

Q. What did you sell these horses for to Jones, on the average?—A. I sold these twelve horses to Edward Jones at \$150 a piece, and I sold 19 horses to Jacobs of Montreal at \$150 a piece. I sold six horses to Joe Brownridge of Brampton at \$100 a piece.

Q. Did you say that the average price to Mr. Cox was \$195?—A. Yes.

Q. What do you say as to these horses that you sold to E. J. Jones of Brampton; were they sound or unsound?—A. They were all sound; when they left my place they were in fair good shape; they rode them over to Brampton twenty miles from Oakville.

Q. And unless something happened to them on the way, they would be sound when they got to Brampton?—A. They were sound when they got there unless something happened.

Q. How was it you sold them for less than you paid for them?—A. We hadn't any room for the horses; we had 104 horses on the farm then and every stall was filled. I had to arrange stabling outside and furnish the feed, which was an awful inconvenience to us, taking our own men over to different stables, some of them half a mile away, one was a mile and a quarter away. We had a hard job to get water, the boys did not have any pumps at these different farms, and they had to undergo great inconvenience and it was our object to sell them as quick as we could for what we could get for them, they were only a nuisance to us.

Q. These horses were in addition to the usual number which you keep on the farm?—A. Yes, we do not keep anything on the farm except hunters and jumpers.

Q. And this was a different class of horses altogether?—A. Yes.

Q. What do you say as to the quality of the other horses which you sold?—A. That is the rest of the fifty.

Q. Yes?—A. Some of them were in very bad shape when we got them back.

Q. When you got them back from where?—A. From the cavalry school.

Q. Were they sound when you purchased them?—A. Yes, every horse.

Q. Were they unsound when you got them back from the cavalry school?—A. Some of them were, some of them were cut up very badly with rope galls, two of them had to be shipped out on the train from Toronto, one with his foot cut through, he cut some of the cords at the back of his heel; two of the horses were destroyed, they were in such bad shape.

Q. Apart from the rope galls, in what respect were any of the horses unsound?—A. There were none of them unsound outside of that.

Q. You sold some in Montreal?—A. Yes, nineteen.

Q. That left a few more on your hands, what did you do with them?—A. They were all sold. We kept two. We have two of them now on the farm. The others were all sold to different people; I do not know their names now.

Q. Do you know whether any of these which you disposed of in Montreal were sold to the Government?—A. I cannot say.

Q. Did you receive any commission from E. J. Jones in connection with the sale of these horses?—A. No, sir.

Q. Or from any of the Government purchasers?—A. From nobody.

Q. Or from any agent?—A. From nobody. I never was approached.

[Ottawa, Brampton Horses—Wilson.]

Sir CHARLES DAVIDSON: Did you pay any commission?

The WITNESS: No.

Sir CHARLES DAVIDSON: Either to Jones or to the Montreal people?

The WITNESS: No, not to anyone.

By Mr. Thompson, K.C.:

Q. Do you know anything more about these horses that you can tell us?—A. Captain Thompson, I really do not know any more than that I bought and sold the horses.

Q. You cannot tell whether as a matter of fact these horses were presented to the Government or whether they were only loaned?—A. No.

Q. Did you hear that these horses were rejected?—A. Yes.

Q. When did you hear that?—A. I heard it from this man that came from Montreal, this man from Mr. Jacobs, Mr. Jaeger brought him down.

Q. Where does Mr. Jaeger live?—A. In Simcoe.

Q. What did Jaeger say?—A. This other man said he heard they were rejected horses, the other man did not say anything.

Q. Was that after you sold them?—A. No, before, and then he bought nineteen of them.

Q. What did you tell him?—A. I told him they had not been rejected horses because I did not see how they could have been.

Sir CHARLES DAVIDSON: And as far as you know they were not rejected?

The WITNESS: As far as I know they were not rejected horses.

Sir CHARLES DAVIDSON: Did Mr. Cox make any statement to you as to his immediate purpose in buying these fifty horses?

The WITNESS: He said he wanted them for cavalry purposes.

Sir CHARLES DAVIDSON: I want to go further than that—did he tell you why he was buying them in addition to saying that they were for the cavalry school?

The WITNESS: No, he just asked me to buy 100 horses for him for the Mississauga Horse.

Sir CHARLES DAVIDSON: Did you hear anything about their being a gift to the school?

The WITNESS: At that time when they were purchased?

Sir CHARLES DAVIDSON: Yes.

The WITNESS: No.

Sir CHARLES DAVIDSON: At any time?

The WITNESS: I heard they were offered as a gift afterwards, but I did not hear it from Mr. Cox.

Sir CHARLES DAVIDSON: From when did you hear that?

The WITNESS: I heard it from several different people but I cannot just tell you who they are, it was all talked about.

Sir CHARLES DAVIDSON: So far as you are aware was that so or not?

The WITNESS: That it was a gift?

Sir CHARLES DAVIDSON: Yes?

The WITNESS: I do not know anything about it.

Sir CHARLES DAVIDSON: So far as your instructions were, was it a gift or were you instructed to sell them to the Mississauga Horse?

The WITNESS: No.

Sir CHARLES DAVIDSON: As far as you are aware, how many of these horses were bought by the Government?

The WITNESS: I do not know that any of them were bought by the Government.

[Ottawa, Brampton Horses—Wilson.]

Sir CHARLES DAVIDSON: These horses you sold to Jones, were they for the Government?

The WITNESS: I do not know that the Government bought the horses. I sold to Jones, he is a dealer the same as I am.

Sir CHARLES DAVIDSON: Did you offer any of these horses to the Government for sale?

The WITNESS: No.

Sir CHARLES DAVIDSON: Why didn't you sell more than twelve horses to Jones?

The WITNESS: He just picked out his twelve horses.

Sir CHARLES DAVIDSON: Where?

The WITNESS: At our place, he came and saw the horses and out of the horses he picked twelve.

Sir CHARLES DAVIDSON: Out of the fifty horses he chose twelve?

The WITNESS: No, there were not fifty horses there then. I had sold some previously. The man from Montreal had bought his nineteen first and then Jones bought twelve, and there were six sold to Brownridge.

Sir CHARLES DAVIDSON: Did you say you were offering them to the city of Toronto at an average of \$180?

The WITNESS: Mr. Cox said to put an average of \$180 on them to the city.

Sir CHARLES DAVIDSON: Was the city of Toronto going to buy them?

The WITNESS: Yes, I believe so, I cannot say that; I had no dealings with the city of Toronto at all.

The witness retired.

Mr. THOMPSON: I will read these letters to which I have referred as soon as the mail arrives.

Later in the day:

Mr. THOMPSON: I might now read a statement from Mr. Cox which will be verified by affidavit afterwards. Here is a letter written by him to the Toronto press.

Sir CHARLES DAVIDSON: I understand Mr. Cox is in California for the benefit of his health.

Mr. THOMPSON: He is in California, sir. I have so been informed by my witness, who tried to serve him with a subpoena to be present here. I also have that information from Mr. Cox's foreman. This statement will afterwards be put in a form of declaration by Mr. Cox when he returns. In the meantime, in order to have it on record, I will read it. This statement was published in the Toronto *Daily Star* of Wednesday, January 26, 1916, and is as follows:—

Mr. H. C. Cox, President of the Canada Life Assurance Company, to-day issued the following statement:

If there is any insinuation that the horses were unfit, or that there was anything irregular about the transaction in regard to these horses, in all fairness to the Government and myself it ought to be cleared up, though ordinarily I do not care to add anything in debates of this kind, where politics are to some extent involved. I am an honorary colonel of the 9th Mississauga Horse, of which H. D. Lockhart Gordon, now at the front, is the colonel. He was very anxious to have the regiment go to the front as a mounted unit, and so I bought fifty horses for the boys to take out to camp at Long Branch for training purposes, and the city bought them fifty more. The body guard also were furnished with fifty horses by the city and fifty by Mr. Aemilius Jarvis, the honorary colonel of that regiment. These horses were brought in

[Ottawa, Mississauga Horses—Cox.]

with the regiment when they went into winter quarters at exhibition camp. but when these troops finally were ready to leave for the front the Government decided not to send them as mounted troops, but as dismounted cavalry, or infantry, until such time as conditions at the front warranted the use of horsemen as such. Consequently I was left with fifty horses on my hands—horses which had cost on the average of \$200 each. I sold some of them at Grand's stable, and some—I do not know how many, it may have been twelve, as stated—were sold to the Government Commission's purchasing agent for remounts, or for whatever purpose they were required. I dropped several thousand dollars over the matter from first to last, but I only mention it now to clear up any misapprehension that may be raised by the discussion in the House of Commons yesterday.

Mr. THOMPSON: There is a statement in the *Evening Telegram* of Thursday, January 27, by Mr. Aemilius Jarvis, and if it were thought necessary it could later be put in the form of an affidavit. Shall I read it?

Sir CHARLES DAVIDSON: Is it a signed statement or is it an interview??

Mr. THOMPSON: It is not signed.

Sir CHARLES DAVIDSON: Well, perhaps it is better not to read it; if necessary, it can be put in the form of an affidavit.

THOMAS BIRKETT, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Mr. THOMPSON: I am calling Mr. Birkett with reference to the purchase of automatic pistols.

Sir CHARLES DAVIDSON: I wrote Mr. Birkett a letter on February 14, stating that during his examination on Wednesday, January 5, he undertook to verify the selling price of pistols and revolvers, to which he made reference in his evidence, and he appears here to-day in answer to my request.

By Mr Thompson, K.C.:

Q. You stated in your previous evidence, Mr. Birkett, that you sold the automatic pistol at from \$21.50 to \$24, and you could not be definite as to the exact price, and that the revolver was sold at \$18, what have you to say as to that?—A. I have nothing to corroborate my statement; I said at the time I was not positive as to the price.

Q. Have you verified that?—A. I cannot verify that because I have nothing to verify it with. A new list of prices came in and the old ones were destroyed, and I think if you will remember, Mr. Thompson, I showed you on the last occasion I was here our new list of prices, which I said was the only one I had in our office.

Q. At Volume VI of the evidence, page 503, you stated:

Q. What do you sell the automatic pistols at wholesale?—A. I am not quite clear on that, Mr. Thompson, but I think the price is \$21.50 or \$24, it is between the two. I can get you the exact information as to that, I did not know you wanted me to testify as to that this morning.

A. That is quite right, sir, I made that statement.

Q. Have you the information?—A. If you remember, Sir Charles, you asked me to telephone and see if I could get that information, and I tried to, and there was no list in the office. When the new list came in, the old one had been destroyed. I have a record of a sale which we made, if that will be of any service.

Q. What is that?—A. It is with reference to the New Service Eley revolver.

Q. What is the date of the sale?—A. I have not the date but it was in September of 1914.

Q. How many were sold?—A. 100.

Q. At what price?—A. \$18.75.

Q. Was that to a dealer or to someone not in the trade?—A. That was to the Mounted Police. That is based on the American price, plus thirty per cent duty, plus freight.

Q. And plus your profit also?—A. Precisely, our profit on the transaction was in the neighbourhood of eleven per cent, which is anywhere from three per cent to five per cent below overhead expenses of doing business.

Q. And the discount you received from the Colt's company was ten and two, making the price to you \$12.34 f.o.b. Hartford?—A. That is right, in a sense, but in figuring the cost we do not figure the cash discount of ten per cent, we figure the cost at \$12.60.

Q. Have you any correspondence with the Colts company showing that they will allow you that discount of ten and two?—A. I simply have the invoice.

Q. Does that apply to the automatic pistol where you have twelve and a half, five, and two, discount? Had you any arrangement with them as to the discount you would be allowed?—A. They have a regular price for the jobbing trade.

Q. Do they send you a price list showing the discount?—A. They send a separate letter.

Q. Have you got that letter?—A. No, sir.

Q. You are wholesalers?—A. Yes, sir.

Q. And that is the general character of your business?—A. Precisely, we are supposed to be wholesale only. Colt revolvers are not a general stock with us; we usually get them to order.

Q. What did you sell the automatic pistols at to retailers?—A. That would be on the same list and I cannot tell what the price was, all I have is the present list.

Sir CHARLES DAVIDSON: What do you mean by the present list, what do you sell these pistols at?

The WITNESS: I cannot tell you that, sir.

By Mr. Thompson, K.C.:

Q. You cannot say what you sold the automatic pistols at?—A. I cannot.

Q. You stated that it was between \$21.50 and \$24?—A. Yes, I gave that as a leeway of price, it was somewhere in that vicinity but I cannot corroborate it from any document.

Q. Have you looked it up?—A. I cannot find the list. I do not know who these pistols went to, there were a couple of these pistols and it was a small transaction.

Sir CHARLES DAVIDSON: Unless it was a cash transaction you ought to be able to tell?

The WITNESS: I imagine it was a cash transaction, I cannot trace the sale. Possibly although we sell wholesale, these might be sold to a friend at the wholesale price; and a person like that usually pays cash.

The witness retired.

ARCHIE MACFARLANE, hardware merchant, Montreal, President of A. Macfarlane and Company, Limited, sworn:

Examined by Mr. Thompson, K.C.:

Q. You are, I understand, the general agent in Canada of Colts Patent Fire Arms Manufacturing Company?—A. I am.

Q. Are you, in any sense, a distributing agent?—A. No, I simply act as their selling agent.

[Ottawa, Automatic Pistols and Revolvers—Macfarlane.]

Q. Would you sell, for example, to hardware men like Birkett & Company of Ottawa?—A. I would sell to every firm in Canada except to the Department of Militia and Defence.

Q. If Birkett & Company, of Ottawa, for example, wanted to buy some Colt pistols and revolvers, would the firm write to you?—A. They could write to the home office in Hartford or to my office in Montreal; we get probably four-fifths of the orders in Canada, and probably one-fifth would be sent direct to the Hartford office.

Q. You would, I presume, receive your commission on all sales made in Canada?—A. On sales made in Canada whether the order would go to my office in Montreal or to the home office direct.

Q. Even if the order were sent direct to the company in Hartford you would still be entitled?—A. To my salary.

Q. Yes, to your salary?—A. Yes, whatever it is.

Q. You know what it is, what is it?—A. That is a question between the Colts Patent Fire Arms Company and myself; it does not in any way affect the basis of the cost at all.

Q. Does the Macfarlane Company receive a commission on the purchase made by the Canadian Government of 5,000 pistols from the Colts company?—A. No, sir.

Q. Neither directly nor indirectly?—A. Neither directly nor indirectly.

Q. If a firm wishes to become an agent of the Colts company in Canada, or a sub-agent or whatever it is called, you make the arrangement with that firm or does the Colt company make the arrangement?—A. We have no agent of the company in Canada, other than my office.

Q. What would the Birkett firm, for example, be?—A. An ordinary merchant who purchases goods.

Q. Do you place any restrictions on these merchants?—A. I do, sir.

Q. In what way?—A. In regard to the price at which they re-sell the goods.

Q. Is that restriction in writing?—A. Yes, sir.

Q. Have you got any written restrictions, for example, with regard to the Birkett company?—A. In so far as all the wholesale trade and the retail trade were concerned, they were all notified by my office.

Q. When?—A. I will tell you in a minute when I look at the correspondence.

Q. Did you notify the Birkett Company of this restriction?—A. Yes, sir.

Q. When?—A. Just one second—I find that under date of September 10, 1914, I advised all the merchants in Canada that we had sold or proposed to sell these goods to, what prices were in effect at that date and the prices at which they must retail or re-sell them to any person. The only thing in this statement that I think would be of interest to be read is this:

You are not to offer or sell the arms at wholesale at prices lower than those given on the above-mentioned sheet of May 1st, 1914, plus the amount to cover the duty.

That is a specimen letter which I sent out to all the trade in Canada, and which I will leave with you.

Q. What was the price of revolvers .455 new service Eley?—A. What do you mean—the price the wholesale merchant paid or the price they shall re-sell at?

Q. Give us both prices?—A. The price we sell at is \$14, less ten, and five, and two off cash, which brings it down to \$11.75. Figuring the rate of duty at thirty per cent, the duty would be \$3.51, which would give a laid-down cost of \$15.24, to which you will have to add the freight charges or whatever charges there are to bring the arms in to the place at which they are to be sold.

Q. That is laid down in the merchant's warehouse in Canada?—A. To that you have to add ten or fifteen cents per arm to cover the express or freight charges.

Q. What would be the express charges to Ottawa or Montreal?—A. It would be fifteen cents or may be twenty-five cents on each arm, depending altogether on how

they were brought in, whether by mail, or by express, or by freight; I cannot say the exact amount of that.

Q. Making a total of how much?—A. About \$15.50 roughly, laid down in Ottawa, Montreal or Toronto. Now, our restricted re-sale price on this basis of 30 per cent duty would be, 30 per cent duty added to \$14, which is the printed list price, making \$4.20, which would give him a re-sale price of \$18.20 plus whatever freight charges he had to pay and which, as I said, might amount to 15 cents or 25 cents per arm.

The minimum re-sale price, therefore, would be \$18.20. That was on the basis of duty, previous to the advance in the duty for war purposes, and after that duty of seven and a half per cent was imposed, I sent out on the first of March, 1915, a new list in which we outlined our re-sale prices which were based on the 7½ per cent extra war duty, added to the original 30 per cent, and in view of this extra duty the sale price then was a minimum of \$19.60.

Q. Would you supply to a merchant who might require them any number of these arms?—A. Not necessarily, no.

Q. I mean, if he were willing to pay and he was able to pay?—A. Not necessarily, no.

Q. Why?—A. We at all times reserve the right to accept or decline orders.

Q. What is your price for automatic pistols?—A. Automatic pistols, .45 calibre, Colts, such as we sold to the Department of Militia and Defence, are listed at \$18.50 f.o.b. Hartford, less twelve and a half, and five, and two off cash, which gives a net figure of \$15.08, based on the duty of 30 per cent, and the cost of laying them down would therefore be \$19.58. The dealer is bound to sell them for not less than \$24.05.

Taking into consideration the war tax of seven and a half per cent, the price of the automatic pistols as notified to merchants by circular of the 1st of March, 1915, the lowest price at which they can re-sell these pistols at would be \$25.90.

Q. Have you restricted any merchants as to the number they have purchased?—A. No, sir, we have not.

Q. Have you refused any orders from any merchants?—A. Well, to my knowledge, Mr. Thompson, no, we have never refused any orders.

Q. If a large order for pistols were placed with the Colts company would they notify you?—A. Yes, sir, I happen to have before me now a case in point. I was advised by the Colts company some few days ago that they had an inquiry for 25 automatic pistols, .45 calibre, and they asked me to advise them whether it would be perfectly right for them to fill the order.

Q. Were you notified by the Colts company of any inquiry for a large number of pistols, such as 200, 500, or 1,000 pistols?—A. Who would that be?

Q. That is what I am asking you, I want to know whether your principals notified you of any such inquiry for pistols?—A. I have been acting for them since the fall of 1914, and there have been quite a number of transactions since then—if you can tell me who the inquiry was from I can tell you yes or no. But to my knowledge, offhand, we have had no inquiry for a thousand pistols from any merchant in Canada. If the company should get an inquiry of that kind they would be almost certain to ask me about it.

Q. Do you say that they would ask you first as to whether they should supply that order?—A. Yes.

Q. Why should they ask you as to whether they should supply the order or not, would that be because they would have some doubt as to the financial standing of the purchaser?—A. Not necessarily, it would be more in regard to having an assurance that the price would be maintained.

Q. Are you sure that the company always notifies you when they receive an inquiry of that nature?—A. No, I am not sure that they do, but I think they would be very apt to do so. We have been working in very close harmony together, and I think they would notify me.

Q. Suppose the merchant is just setting up in business and he wants to stock up with automatic pistols and revolvers, and he wants, say, fifty of each, would the

[Ottawa, Automatic Pistols and Revolvers—Macfarlane.]

company notify you at once?—A. Yes, sir, I think they would.

Q. You are sure about that?—A. Yes, I think I may say I am quite sure.

Q. You think there is no doubt about that?—A. I also get invoices for all goods that are shipped into this country.

Q. That is another point, suppose the purchase was never completed, and suppose this man said he wanted 200 pistols and 200 revolvers, would the company notify you at once?—A. Yes, I am certain they would; it is reasonable to suppose they would.

Q. And then, would you make an arrangement restricting the merchant from selling below your minimum price?—A. I would yes, surely, yes.

Q. Or would the Colts company do that?—A. I would do that, that is part of my work.

Q. In all cases?—A. As far as I know, yes.

Q. Have you made any such arrangement with any people who have written to the Colts company direct instead of to you, asking about orders?—A. I can read you a letter that was written a few days ago in regard to an order which was sent direct to the Colts company. This is a letter to one of the wholesale houses in Canada.

We are advised by our principals, the Colts Patent Fire Arms Company, of Hartford, that you have ordered 20 only automatic pistols, .45 calibre. This is rather an unusual quantity for a wholesale merchant to order of this particular military arm, and it must be distinctly understood in executing this order that you will maintain the correct re-sale price of not less than \$25.90.

Q. When were you appointed agent of the company?—A. On September 10, 1914.

Q. And according to you, you ought to be notified at once by the company of any inquiry for a large number of pistols?—A. Of any unusual inquiry.

Q. Were you so notified by the company, in July, 1915, as to an inquiry for a large number of these weapons?

Sir CHARLES DAVIDSON: Do you say 1915?

Mr. THOMPSON: In 1915, yes, that was after he was appointed agent for the company.

By Mr. Thompson, K.C.:

Q. Were you so notified by the company in July, 1915, of an inquiry for a large number of these pistols?—A. I cannot tell you without having my Colts file with me; if you will tell me what the arm was and give me some particulars, I think perhaps I could tell you.

Q. It is not necessary to tell you who made the inquiry; I want to find out whether the practice had been followed in that case, which you say is followed by the company. Will you ascertain whether in July, 1915, the Colt Company notified you that they had an inquiry for what I would call a large number of automatic pistols?—A. About how many, Mr. Thompson?

Q. Well more than 250 and less than 1,000—250 would be a large order, I suppose, to come from a dealer?—A. Yes, sir, it would be a very large order indeed.

Q. This order was over 250 and less than 1,000. Let me know whether the company notified you that they had such an inquiry, and let me know also whether you notified the intending purchaser of the price at which he would have to re-sell these arms, would it take long for you to ascertain that?—A. I would have to call up Montreal by long distance phone and no doubt it would probably take some time, because with the information I have on hand they might have to go through a number of files.

Q. Perhaps I might narrow down the files you would have to run through in your office, by stating that this notice would probably have reached you around the 19th of July, possibly two or three days before and possibly two or three days after?—A. You wish me to find out whether we had been notified by the Colts company that they had received an inquiry for the price on a quantity of automatic pistols, between 250 and 1,000 and what action we took with reference to the matter?

Q. Yes, and whether the company notified you in the manner in which you say you ought to be notified?—A. My statement is that I believe they would notify me, and that is the usual practice. I cannot say that they would notify me as to every inquiry, but they surely would notify me as to an inquiry of this kind.

Q. If the company did not notify you and thereby enable you to notify the intending purchaser, and if the company did not notify the intending purchaser that there was a restriction as to the price at which he might re-sell, it would be practically open to the purchaser, after he had those weapons to sell at any price he chose; that appears to be obvious?—A. No, the goods are in our possession until they are actually shipped out.

Q. Supposing the company states that they are willing to sell at a certain price to a purchaser in Canada, that enables him to retail them without restriction, does it not, unless they make some arrangements with the purchaser that the re-sales are to be subject to your direction as to price?—A. As far as I can tell, all arms that are sold in this country, except to the Department of Militia and Defence, are sold under restriction.

Q. Made by whom?—A. Made by the Colt company and myself, as outlined.

Q. Is the restriction made by both of you?—A. It is made by us together.

Q. I suppose the Colt company does not do it?—A. They do it, I believe.

Q. Do they make the restrictions when you make the inquiry, or is it before they ship the goods?—A. They put that in this form, Mr. Thompson, when they make the offer.

Q. Suppose I write direct to the Colt company and state that I am setting up in business and that I want 200 automatics, what follows?—A. The usual manner of procedure would be for them to advise me in the first place, if they never had done any business with you before. They would then write me and say: "We have an inquiry from so-and-so, will you kindly look him up and see about it." Then I should find out from you what you wanted these pistols for; a quantity of 200 would always be a very large number, and before I sold you these goods I would make sure you would maintain the re-sale price.

Q. You are going to have your files looked up to ascertain whether there was any inquiry for a large number of pistols such as I have mentioned, and suppose you do not find that you were notified by the company that they had an inquiry for the large number I have mentioned, then evidently there was some slip-up in your arrangement with them?—A. If I was not notified as to a transaction of that kind, I would have no means of offering any evidence as to what would happen.

Q. You told me that the usual procedure is that you would be notified?—A. Yes.

Q. If such an inquiry was made and you have no record of it, evidently it cannot be the invariable course for the company to notify you?—A. As far as I know, Mr. Thompson, all inquiries for prices, and particularly from people we have never dealt with before, are sent back to my office. It might be possible that one or two or more inquiries might have gone through without notification to me, but I hardly think so.

Q. Does it ever happen that prices are quoted and then, before the goods are shipped, a restriction is made as to the re-sale price? What I want to find out is this: is the price sometimes quoted and then, just before the sale is actually completed the restriction is placed?—A. I would not think so.

After the recess for luncheon.

By Mr. Thompson, K.C.:

Q. Did you ascertain by phoning to Montreal whether or not the Colt company had advised you that they had received inquiries for a large number of automatic pistols in July, 1915?—A. Yes, sir, I asked my office over the telephone and they looked up our files for last year and they are unable to find the inquiry that you asked about, although they found two others.

[Ottawa, Automatic Pistols and Revolvers—Macfarlane.]

Q. Supposing that a dealer in the ordinary manner purchased revolvers from the Colt company, they will cost him, I think, you said, something like \$15 each laid down in Montreal or Toronto; would you quote me that price again?—A. \$15.50.

Q. Would you allow the dealer to sell at \$15.50?—A. No, I would not. I may say here that our list, our quotation to the dealer, was made as a selling offer in which we offered him these discounts, provided he did not sell below the fixed price, plus duty. That is an offer, not a quotation.

Q. What will the automatics cost the dealer laid down in Ottawa?—A. They will cost him \$19.58, plus the freight, whatever it is, it might be ten, or fifteen, or twenty-five cents, or something like that.

Q. Would you allow him to sell these pistols at \$18.50 in Ottawa?—A. No, sir, I would not.

Q. And you stated that the selling price up to March 1, 1915, was \$24.05, and since March, 1915, \$25.90?—A. Yes, that is as I have it here.

Q. I want to get your opinion on this proposition: I am a merchant, carrying on business in Ottawa, and I go down to the Colt company and tell them I am from Ottawa and I want to buy 100 automatics—will they sell them to me at \$18.50?—A. I should not think they would sell them to you unless you are on my list or on their list, which we have of our dealers.

Q. If I am not on the list, why would they not sell?—A. They would not be apt to do that in view of the fact that I am looking after their business in Canada and fully conversant with the trade conditions here.

Q. I presume they would make a quotation?—A. They would be very apt to refer that inquiry back.

Sir CHARLES DAVIDSON: To Montreal?

The WITNESS: Yes.

By Mr. Thompson, K.C.:

Q. I understood you this morning to say that they would notify you possibly that they had advised me as to whether they would sell or not?—A. I would say that if they did not know who the inquirer was, and the man told them he was a dealer, and they had no means of finding out quickly, they might possibly quote him \$18.50 net.

Q. You think that is what they would do?—A. I think so. And then, very likely afterwards, they would find out whether he was a dealer or not, and if they found he was they would allow the discount.

Q. Would that be after they supplied the revolvers or before?—A. That would be before they would supply them.

Q. Would they quote in the letter the restrictions?—A. Well, if they quoted any firm \$18.50, that firm would have to add the duty to that, which would be our re-sale price.

Q. And suppose they offered to sell me automatics at \$18.50 f.o.b. Hartford, I would have to pay the duty?—A. Yes, which would be our arranged re-sale price.

Q. I would have to pay the duty, and what would the automatics at \$18.50, plus carriage, cost me laid down in Ottawa?—A. They would cost you \$19.58.

Q. They would cost me more than that?—A. Oh yes, they would cost you \$24.05.

Sir CHARLES DAVIDSON: That is the selling price?

The WITNESS: Yes.

By Mr. Thompson, K.C.:

Q. Then at what is the price you would allow Birkett and other hardware firms to sell?—A. \$24.05 on the old basis of duty and \$25.90 on this new basis of duty, with the 7½ per cent war tax added.

Q. So that if a person, whom I may call a free trader, were to surreptitiously purchase 500 automatics from the factory, then when he would bring them into Cana-

[Ottawa, Automatic Pistols and Revolvers—Macfarlane.]

da and pay the duty, unless he was selling at a loss, he would have to sell them at the minimum price which you mentioned to your agents; is that correct?—A. He would have to sell them at \$18.50 plus the actual rate of import duty at the time of the entry.

Q. Does that amount to what you call your minimum price?—A. I would call that our regular price. In other words, no dealer in this country, retail or wholesale, is permitted to sell that pistol at a less price than \$18.50, plus the duty-ruling at the date of the sale. That is perfectly plain. If any man offers a pistol at any concession on that price, he is not living up to his agreement.

Q. And what about the freight and expenses of bringing them in?—A. The question of freight charges on an article of that kind is not very heavy.

Sir CHARLES DAVIDSON: You stated that it would amount to 15 cents or so on each pistol.

The WITNESS: It all depends on how you would bring these pistols in. If you get them in by mail they would cost you perhaps twenty-five cents, and by express perhaps they would cost you 20 cents, or 15 cents; I am not familiar with all the rates through Canada.

By Mr. Thompson, K.C.:

Q. I want to ascertain whether a free lance, who purchased automatics at the factory, could import them into Canada, pay the duty, and under-sell your regular agents?—A. Impossible.

Q. He would not sell below the minimum price which you fixed?—A. Impossible.

Sir CHARLES DAVIDSON: It is not impossible.

The WITNESS: We absolutely control the supply of the pistols. We will not sell them less than \$18.50 unless we know the firm, or the free lance, as you call him.

Sir CHARLES DAVIDSON: You told us this morning that he would have to sell them at \$18.50 plus the duty and also plus expressage and incidental expenses.

The WITNESS: It has always been a trade custom to add the freight charges to each arm, but these charges are very little indeed in comparison with the cost of the gun. To offset that, in our letter of March of last year, we added a little bit more to our re-sale price so that it would allow him to pay his freight and extra duty.

Sir CHARLES DAVIDSON: Are you on commission or on salary?

The WITNESS: I do not think it is right to inquire into the relations existing between Colts and myself, unless you particularly want to know it. I can tell you privately, if you like, Sir Charles, but I do not think it is a matter for a public statement.

Sir CHARLES DAVIDSON: Did you personally profit in any way by these Government orders for 5,000 pistols and 70 revolvers?

The WITNESS: I did not, sir, not in any way.

Sir CHARLES DAVIDSON: Do you know anything about it?

The WITNESS: I do not, sir.

By Mr. Thompson, K.C.:

Q. Would it be possible for any person to purchase direct from the Colt company, automatic pistols, at less than \$18.50?—A. By that you mean individuals?

Q. Yes?—A. Do you mean officers in the army and people of that kind?

Q. Yes?—A. If for instance any officers of the Canadian Army or the Canadian Militia wanted to purchase pistols from the Colt company, they would buy them for \$18.50 net, f.o.b. Hartford.

Sir CHARLES DAVIDSON: Would not the discounts be allowed to them?

The WITNESS: No, sir, absolutely no.

[Ottawa, Automatic Pistols and Revolvers—Macfarlane.]

Sir CHARLES DAVIDSON: This morning you spoke of the selling rights to jobbers and dealers here, and you used the limitation "except to the Government"—what do you mean by that?

The WITNESS: I do not recollect having said that, except that I did say that my jurisdiction in Canada is over everything sold except arms sold to the Department of Militia and Defence. I am supposed to look after everything else in Canada.

Sir CHARLES DAVIDSON: What as to the rights of a dealer to buy and sell to the Government?

The WITNESS: The rights of the dealer to sell to the Government, or any other person, would be his right to maintain our resale price, and we would not allow him to get any arms, if he was going to dispose of them at any other price.

Sir CHARLES DAVIDSON: But suppose he kept to your limitation, what if you knew he was ordering to sell to the Government?

The WITNESS: I think in that case I would advise the office in Hartford about it.

Sir CHARLES DAVIDSON: When, then? What would be, according to your knowledge, the general course of business? According to the trade regulations as you know them, is there anything which would inhibit the company from selling to that man, and there being the distinct knowledge that he was trafficking with the Government?

The WITNESS: With our knowledge?

Sir CHARLES DAVIDSON: Yes.

The WITNESS: I am unable to answer that question.

Sir CHARLES DAVIDSON: There was a statement made by Mr. Stone when he was examined, and his evidence will be put on record when it is extended—that neither you nor any dealer or jobber in this country had the right to deal with the Government; that that was business which the company retained in its own control; what knowledge have you of that inhibition?

The WITNESS: In our letter of September 10.

Sir CHARLES DAVIDSON: Have you any knowledge?

The WITNESS: Yes, I have this knowledge. In a letter of September 10, from the Colts Fire Arms Company, they go on to say:

The arrangement applies to commercial business and does not include any arms sold to or for any branch of the Dominion Government.

Sir CHARLES DAVIDSON: I distinguish between your business and the business of the dealers and jobbers—are these your instructions to dealers and jobbers that you are reading from—is that the letter you quoted from this morning?

The WITNESS: No, that is a letter they wrote me when I was appointed.

Sir CHARLES DAVIDSON: Did you read a part of that this morning?

The WITNESS: No.

Sir CHARLES DAVIDSON: The letter you cited from this morning was a letter you issued in circular form to dealers and jobbers?

The WITNESS: Yes, that letter does not contain anything as regards to whom they should sell, otherwise than to restrict the re-sale price.

Sir CHARLES DAVIDSON: You know of no restriction of that kind as applying to dealers and jobbers?

The WITNESS: Only inasmuch as if we were to receive an order from any person in this country, retailer or wholesaler, for automatic pistols, 45 calibre, or new service revolvers, .455 Eley, the factory would write to ask him who the goods were going to before they filled orders.

By Mr. Thompson, K.C.:

Q. What was the date of your appointment by the Colts company?—A. The appointment was confirmed under date of September 10, 1914.

Q. When were you first appointed?—A. That was the date of my appointment; verbally. I probably was appointed a day or two before that, but they wrote confirming their verbal arrangement, previously made, on the 10th of September, 1914.

Q. Had you any negotiations before that with regard to the agency?—A. Yes.

Q. The 11th of September, 1914, was the date on which the Government purchased the first lot from the Colt company?—A. I went down to their office at Hartford, possibly three or four days before, at their request, to confer on this question.

Q. Who was their agent in Canada before you were appointed?—A. They had no agent in Canada. Their own men from the head office called on the trade in Canada.

Q. So that until you were appointed it was a matter of business arrangement between the Colt company themselves and the merchant in Canada?—A. Between the Colt company and the merchant in Canada, entirely.

Q. It was a matter of arrangement between the Colt company and the merchant in Canada as to whether there was any restriction and as to what this restriction would be?—A. Yes, sir.

Sir CHARLES DAVIDSON: I would point out to you, Mr. Thompson, that the first order was on the 5th of September.

Mr. THOMPSON: Yes, and I was referring to the date the account was rendered by the Colts company.

The witness retired for the present.

The Commission adjourned to meet to-morrow morning Saturday, February 19, 1916.

OTTAWA, Canada, Saturday, February 19, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,

Commissioner.

JOHN THOMPSON, K.C.,

as Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

WILLIAM BARTLETT DALTON, Jr., hardware merchant, of Kingston, sworn:

Examined by Mr. Thompson, K.C.:

Q. What is your occupation, Mr. Dalton?—A. Merchant.

Q. In Kingston?—A. In Kingston, Ontario.

Q. Are you an importer of firearms?—A. We are.

Q. Have you within the last couple of years imported any Colt revolvers or Colt automatic pistols?—A. We have.

Q. Have you your invoices?—A. I have, sir; I have the original invoices in some cases and in other cases I have copies of the original invoices, taken from the books.

Q. Will you read your invoices for importations of either Colt revolvers or Colt automatic pistols?—A. We imported three New Service revolvers on May 23 (5½ length of barrel) .455—the price does not vary whether it is 5½ or 7½ barrel—we paid for them \$14, less ten, and five, and two cash, thirty days' discount.

[Ottawa, Automatic Pistols—Dalton.]

Q. Just state the invoices you have for the importation of revolvers?—A. I will first quote from the original invoices and then I will quote from the copies. The original invoices I have here show that on May 12, 1915, we imported 18 revolvers; on May 19, 1915, 15 revolvers; on May 23, 1915, 3 revolvers; on June 2, 1915, 17 revolvers; on June 11, 1915, 10 revolvers; on June 19, 1915, 4 revolvers; on September 30, 1915, 12 revolvers; on November 3, 1915, 15 revolvers; on November 15, 1915, 8 revolvers; on November 26, 1915, 4 revolvers; on January 6, 1916, 34 revolvers; on January 29, 1916, 4 revolvers; on February 4, 1916, 4 revolvers; on February 12, 1916, 4 revolvers.

Then, on February 12, 1915, we imported one automatic pistol, .45 calibre, that is the only automatic pistol we imported.

Mr. THOMPSON: The witness has read from the original invoices; he has also made extracts from other invoices, and he will now state what the importations were on these invoices.

The WITNESS: On December 9, 1914, we imported three revolvers; on December 21, 1914, we imported 3 revolvers; on August 27, 1915, we imported 6 revolvers; on October 26, 1915, we imported 1 revolver; on November 16, 1914, we imported 2 revolvers; on December 20, 1915, we imported 4 revolvers.

By Mr. Thompson, K.C.:

Q. Do these include all your importations?—A. Yes; these include all our importations.

Q. How many do they amount to?—A. 172 revolvers.

Q. Was the discount always the same in all cases?—A. Always the same.

Sir CHARLES DAVIDSON: That is \$14, less ten, less five, less two for cash?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And your total purchase was 172 revolvers?

The WITNESS: Yes.

By Mr. Thompson, K.C.:

Q. The price was f.o.b. Hartford?—A. Yes.

Q. At what price did you sell these revolvers?—A. I really sold them at \$19.40. We sold them to the regiments at \$15 a piece, but we enclosed them a duplicate invoice for the exact duty we had paid on them, which was \$4.40, when the rate of duty was thirty and seven and a half per cent.

Q. What had that to do with the price, why did you send the invoice for the duty? Why didn't you quote a straight price?—A. The regiment said they could get the duty refunded, and they asked us to do that and we did so.

Q. You sold them at \$15 exclusive of the duty?—A. We sold them at \$15 and gave them a separate invoice to enable them to get the duty refunded from the Government which, if we had paid the duty, would have brought the price to \$19.40.

Q. You charged the regiment \$19.40?—A. Practically so.

Q. Did you receive cheques from the regiment for these revolvers at \$19.40 each?—A. We received cheques from the regiment at the invoice price of \$15, and also cheques for the duty making \$19.40.

Sir CHARLES DAVIDSON: You sold them at \$15 each plus the duty.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What did they cost you?

The WITNESS: They cost us, taking into consideration the discount, plus the duty and express charges, practically \$16.39 laid down in Kingston.

Sir CHARLES DAVIDSON: And deducting the duty, how much did they cost you?

The WITNESS: About \$11.98 laid down in Kingston.

Sir CHARLES DAVIDSON: What did you pay the Hartford people?

The WITNESS: We paid the Hartford people \$11.73 net cash, f.o.b. Hartford.

[Ottawa, Automatic Pistols—Dalton.]

By Mr. Thompson, K.C.:

Q. Was the price at which you sold these revolvers to the officers the price at which you would sell to any one over the counter, or did you make a special reduction?—A. We made no reduction, we sold them at the price that the Colts people established for us.

Q. How did they established it for you?—A. They gave us the price that they were to be sold at a year or so ago.

Q. Was that before you had imported any weapons?—A. Before we had imported any weapons, yes.

Q. I presume you wrote to them and told them you would like to handle their arms?—A. We have done a certain amount of business with them for the last twenty or twenty-five years.

Q. Had they always placed a restriction as to selling price or was it only recently they established that restriction?—A. I would not be sure about that.

Q. In other words, the Colts people established your selling price at \$19.60?—A. Yes.

Sir CHARLES DAVIDSON: You said \$19.40, which is it?

The WITNESS: They established the price at \$19.60. Our price would figure out at \$19.40 and we gave that to the regiment.

By Mr. Thompson, K.C.:

Q. Was the restriction established by the Colt company as to the resale price, given to you verbally or was it in writing?—A. In writing.

Q. What was the date of it?—A. March 15, 1915, for the \$19.60. That was after the Government had put on the seven and a half per cent war tax. Before that we charged them \$18.20.

Q. Was that the only time you received notice from the Colt company as to the price at which you were to sell these weapons?—A. I think so.

Q. Had you imported any of these weapons in 1911 or 1910?—A. No, I do not think we imported any .455, we would probably sell some .32 automatics.

Q. Does the Colt company establish a price for the .32 calibre?—A. Yes, sir, for all the arms they make.

Q. Had they established any price in 1910 for the .32 calibre?—A. That is a long time ago.

Q. What I want to know is whether the Colt company established a minimum resale price after war was declared or before?—A. Before war was declared, because I have a list here of May, 1914, which was before war was declared.

Q. Is the minimum price stated there?—A. Yes.

Sir CHARLES DAVIDSON: I do not think it is clarified yet as to whether he made any special reduction to the regiment; he says his instructions were to sell at \$19.60, and yet he sold at \$19.40.

The WITNESS: It figured out so closely, we think this \$19.60 included express charges which probably we did not consider. We did not consider we sold the revolvers at anything less than what the Colt people had established.

Sir CHARLES DAVIDSON: Would you make that waiver to civilians, as well?

The WITNESS: No, sir, we could not.

By Mr. Thompson, K.C.:

Q. What did you pay for the automatic pistols f.o.b. Hartford?—A. \$18.50, less twelve and a half, less five, less two cash.

Q. What does that work out at in dollars and cents f.o.b. Hartford?—A. \$15.09.

Q. What is the selling price established by the Colt company for the automatic pistol?—A. \$25.90.

Q. What does the automatic pistol cost you laid down in Kingston, deducting the discount and adding duty and express charges?—A. \$20.95.

Q. And you only imported one automatic pistol as I understand?—A. Yes, sir.

Q. Have you a letter from the Colt company?—A. Yes, I have a letter from the Colt Patent Fire Arms Manufacturing Company as follows:—

HARTFORD, CONN., September 11, 1914.

W. B. Dalton & Sons,
Kingston, Ont.

GENTLEMEN,—We take pleasure in advising you that we have to-day appointed A. Macfarlane & Company, Limited, Montreal, our Canadian agents. As you are aware, Mr. Macfarlane has been for a number of years selling agent for the Fabricque National of Liege, who made Browning pistols.

As that factory will probably not be able to furnish you any more goods for some time to come, we have made the above arrangement with Mr. Macfarlane, because the automatic pistol made by the Fabricque National and ourselves are under the same Browning patent. We enclose herewith a copy of the list catalogue and wholesale price list. To the selling price you add thirty per cent to cover duty into Canada. From the list price you will receive discounts as agreed.

We will be pleased to have you send your orders to this office or to Mr. Macfarlane's office in Montreal.

Mr. Macfarlane or one of his representatives will be calling on you shortly in our interest.

Yours very truly,

THE COLTS PATENT FIRE ARMS MANUFACTURING COMPANY.

(Signed) S. M. STONE,
Sales Manager.

Sir CHARLES DAVIDSON: Do you want any citation out of the price list?

Mr. THOMPSON: No, sir.

Sir CHARLES DAVIDSON: The witness has already stated that he had one price list fixing the price he has spoken of in May, 1914, and a second one retaining these figures but adding the additional war duty of seven and a half per cent.

By Mr. Thompson, K.C.:

Q. Did Mr. Macfarlane call upon you as stated in that letter?—A. He or his agents are calling on us every month or two.

Q. Did he tell you you were not to sell to the Government?—A. They never discussed that with us.

Q. Or did the Colt company tell you that?—A. Never to my knowledge.

Q. Did you ever try to sell to the Government?—A. No, we were never asked to tender on any revolvers for the Government.

Q. Did you ever try to have them send you a tender?—A. No, I cannot say that we did.

Sir CHARLES DAVIDSON: Have you sold any revolvers to the Government?

The WITNESS: No, we have not sold any revolvers to the Government direct.

Sir CHARLES DAVIDSON: In your evidence, Mr. auditor general, you say that you have seen invoices of Dalton Brothers of Kingston for revolvers purchased by and sold to the Government. You said that for these revolvers Dalton, Brothers had paid \$14, less, ten, less five, and two, and they sold them to the Government at \$15. What do you mean by that?

Mr. FRASER (auditor general): Probably some of these revolvers are included in the invoices he has read.

The WITNESS: We didn't sell any revolvers direct to the Government.

[Ottawa, Automatic Pistols—Dalton.]

Mr. FRASER: It is merely a difference in expression.

The WITNESS: We sold them to the Royal Military College.

Mr. FRASER: I think the cheque you received was a Government cheque.

The WITNESS: Speaking from memory I do not think so, but I do not remember. I think all our cheques have been from the paymaster of the 3rd Division, so far as I know.

Mr. FRASER: Precisely, that is Government money. The cheque of the paymaster of the 3rd Division was drawn against Government money.

Sir CHARLES DAVIDSON: Have you got the cheque?

Mr. FRASER: Not here.

Sir CHARLES DAVIDSON: Could you get it by half past two o'clock?

Mr. FRASER: Yes. I would not have known of it if it had not been paid out of Government money.

Sir CHARLES DAVIDSON: There would appear to be a distinction between a sale to the Government and a sale to the Colonel of a regiment.

Mr. FRASER: The paymaster of the 3rd Division was paymaster for the Government, and he paid out of Government money.

Sir CHARLES DAVIDSON: Because I think some of these pistols which were sold to the colonels were bought by the officers.

Mr. FRASER: Oh, yes, but I am referring to those paid for by the paymaster of the regiment, of the 3rd Division. I think I only referred to one invoice, but I may have said invoices, by mistake; I only referred to having seen one invoice for revolvers that were sold to the Government.

Sir CHARLES DAVIDSON: I understood that quotation "selling to the Government" to mean selling to the Militia Department.

Mr. FRASER: Not necessarily; the Government agents all over the country use revolvers.

Sir CHARLES DAVIDSON (To the witness): After your notification, as received from the company on September 11, 1914, notifying you of the appointment of the Macfarlane Company, did you deal through Macfarlane or with the company?

The WITNESS: Both. If we were in a hurry for our order we would send our orders direct to the Colt company, if we were not in a great hurry we would send them to Macfarlane.

Sir CHARLES DAVIDSON: In whose name would the invoices be sent to you?

The WITNESS: In the name of the Colt Patent Fire Arms Company.

Sir CHARLES DAVIDSON: Never by Macfarlane?

The WITNESS: Always by the company.

By Mr. Thompson, K.C.:

Q. To whom did you invoice the revolvers that you sold?—A. We sold some to the 39th Regiment; we would always send them to the paymaster of the regiment.

Q. Did you invoice the revolvers to the regiment or to the headquarters of the division?—A. We invoiced them to the paymaster of the regiment, or we might put down the 80th Regiment, or whatever regiment it was, and send the invoices to the paymaster, but always to the regiment.

Q. Were all those revolvers which you purchased sold to the regiments?—A. We may have sold a few to the farmers by retail, but if we did we charged them \$19.60; we sent some to officers in India direct.

Q. Could you phone to Kingston and ascertain to what regiments you sold and to what extent; could you give us the information at half-past two?—A. Well, I think I could give it to you approximately now, but I would not vouch for it being absolutely correct, because we have sold some of these arms to the farmers for the last two years.

[Ottawa, Automatic Pistols—Dalton.]

Sir CHARLES DAVIDSON: Could you state the regimental numbers to which you sold revolvers?

The WITNESS: I could give it approximately. I could give you a fair idea of how many we have sold to them.

Sir CHARLES DAVIDSON: Then give us the names of the regiments and the approximate quantity you sold to each?

The WITNESS: I would not vouch for it being absolutely correct, but approximately I can state that we sold 17 at one time, addressed to Major Prideaux, for the Royal Military College.

Sir CHARLES DAVIDSON: How were they paid for?

The WITNESS: I think there was a lot of 17 and a lot of 10 revolvers. There was an order by the Government to allow them to go in free of duty. We have no duty on our invoices showing that we paid duty for the 27 revolvers. The price we charged then was \$15 each without any duty on them. I think that is before the new regulations came in. They got an order to allow the revolvers to come in free of duty. There were 10 at one time and 17 revolvers at another time.

Mr. FRASER: These are the revolvers I have referred to as being purchased at \$15.

The WITNESS: Then, to the best of my knowledge, there were 34 that went to the 39th Regiment at Belleville at \$15, and duty, \$149.25.

Sir CHARLES DAVIDSON: What price did you charge the Military College?

The WITNESS: \$15.

Sir CHARLES DAVIDSON: And what price did you charge the Belleville Regiment?

The WITNESS: The Belleville Regiment we charged them \$15 and the invoice for \$149.25 duty.

Sir CHARLES DAVIDSON: That is really \$19.40?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: In both cases you sold at \$15 each ex duty?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And with the duty it would have amounted to \$19.40?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And the same to the Military College?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Did you sell to anybody else?

The WITNESS: We sold to the 59th Regiment, which was partly stationed at Brockville and partly stationed at Kingston, at the time, 40 revolvers, or about 40 revolvers, at \$15. These were sold on precisely the same terms. We sold to the 33rd battery and the 34th battery from 15 to 20 revolvers at different times on the same terms. We sold the 8th Canadian Mounted Rifles 18 or 20 revolvers on the same terms.

I suppose it will not be necessary for me to telephone now?

Mr. THOMPSON: No.

Sir CHARLES DAVIDSON: Are you satisfied on that point, Mr. Fraser?

Mr. FRASER: I think so, yes; he has accounted for 135 out of the number he purchased.

The witness retired.

Mr. THOMPSON: There was another witness I expected to have here this morning, in relation to the purchase of pistols and revolvers, namely Colonel Skinner, president of the Colts Patent Fire Arms Company.

Sir CHARLES DAVIDSON: I have a letter from him which I will ask you to read.

[Ottawa, Automatic Pistols—Dalton.]

Mr. THOMPSON read the letter as follows:

COLTS PATENT FIRE ARMS MANUFACTURING CO.

HARTFORD, CONN., U.S.A., February 15, 1916.

Sir CHARLES DAVIDSON,
Ottawa, Canada.

SIR,—Referring to your inquiry of the writer, as to whether it would be possible for Colonel W. C. Skinner, the first vice-president of this company, to be present in Ottawa on Friday of this week, we beg to advise that it would not be convenient or possible for Colonel Skinner to be present as important matters in connection with the company's business require his presence elsewhere.

It would appear to us that the information provided in letter of January 13, 1916, now a part of your records, setting forth the reasons for the price charged the Canadian Government for Colt automatic pistols, cal. .45, and the evidence offered by the writer in reply to your direct questions during the examination conducted February 13, 1916, are as complete as we would be able to offer in connection with the investigation you are conducting.

Should there be additional questions you would like to ask of any officer of this company, if you will embody them in a letter addressed to Colonel W. C. Skinner, first vice-president of this company, replies thereto can be made and attested to by a notary if so desired.

Respectfully,

COLTS PATENT FIRE ARMS MFG. CO.

(Sgd.) S. M. STONE,
Vice-President.

Sir CHARLES DAVIDSON: Written interrogatories of the kind suggested in this letter are always to a greater or lesser extent unsatisfactory. I am in hope still that Colonel Skinner may be personally available for evidence either here or elsewhere.

Mr. THOMPSON: With reference to the submarine inquiry it was intended to examine the engineer of the Electric Boat Company, Mr. Davidson, who designed the submarines and whose headquarters are at New London, Conn. I read a telegram directed, sir, to you, from the president of the company:—

NEW YORK, February 18, 1916.

Hon. Sir CHARLES DAVIDSON,
Ottawa.

Owing to receipt of cablegram relating foreign business which requires extended calculations and prompt reply from Mr. Davidson, he is unable leave for Ottawa to-night. He will be glad to meet you any place designated any day next week.

HENRY R. CARSE,
President.

Sir CHARLES DAVIDSON: And it may be added to your statement, Mr. Thompson, that a previous date had been fixed for the examination of Mr. Davison, which he was unable to keep, on account of the dislocation of railway traffic at the time. I trust there will be an opportunity of examining Mr. Davison in a few days.

Mr. THOMPSON: That is all the evidence I have to offer to-day. Colonel Clarke was to have produced the report signed by Elder as to the Brandon horses, and the McRae cheque-books, as well as the record showing how Adjutant Reynolds, the officer at Brandon, came to leave the service. I telephoned Colonel Clarke yesterday morning and I expected him here yesterday.

[Ottawa—Automatic Pistols—Dalton.]

Sir CHARLES DAVIDSON: You have also some questions to Mr. Brown, the director of contracts.

Mr. THOMPSON: I do not know where Colonel Clarke is.

Sir CHARLES DAVIDSON: Was he to have been here this morning?

Mr. THOMPSON: He was to have been here yesterday morning and then this morning, and I phoned to him and I have been informed that he is out of town.

Sir CHARLES DAVIDSON: He should have appeared.

Lieutenant-Colonel POTTER, acting director general of Medical Service, sworn:

Examined by Mr. Thompson, K.C.:

Mr. THOMPSON: I am calling Colonel Potter with reference to the Brownlee drug cases, which it was thought he might know something about. That contract, you will recollect, sir, with Brownlee, was to supply a large number of hospital cases without tender. Afterwards, when tenders were called for, the prices were very much lower, and in the examination of Mr. H. W. Brown, director of contracts, (Page 763, Volume I of the Evidence) I asked him the following questions:

Q. Brownlee supplied a large number of hospital cases to the department, in respect to which there were no tenders called?—A. Yes.

Q. Subsequently the department bought, after calling for tenders, at a very much lower price?—A. Yes.

Q. I notice that Brownlee's account is approved by Major Jacques?—A. Yes.

Q. Is he in Canada at the present time?—A. No.

Q. Is there anybody in that branch, at the present time, in Canada, who can give us any information about that contract; I had Captain Adair here the other day?—A. Either Captain Adair or Major Potter would be the only ones.

Q. Was Major Potter in the Service at that time?—A. I do not think he was in Ottawa at the time. Captain Adair was here, but I do not know what he had to do with it.

Q. Did that account of Brownlee's come before you?—A. It was submitted to me and sent by me to Colonel Jones' office for certificate.

Q. After Colonel Jones approved of it you directed payment?—A. I certified the account.

Q. I have shown Colonel Potter this evidence and I would ask him now whether he can give us any information now with regard to that Brownlee contract for hospital supplies?—A. I am afraid I cannot give you any information.

Q. Where were you on September 28?—A. I was here on September 28.

Sir CHARLES DAVIDSON: Have you looked into the record?

The WITNESS: I never had anything to do with this matter.

Sir CHARLES DAVIDSON: That does not make any difference; you have the records here and you are in charge of the records.

Mr. THOMPSON: Colonel Potter was not notified as to what he should produce.

Sir CHARLES DAVIDSON: I see.

Mr. THOMPSON: Colonel Potter is here this morning not knowing what he was to give testimony to.

Sir CHARLES DAVIDSON: I see.

Mr. THOMPSON: I asked Colonel Potter to look at this evidence and he told me he did not recollect anything about it.

Colonel POTTER: As I understand it, you want to know from me whether I can give you any information about that contract.

[Ottawa, Medical Supplies—Potter.]

Mr. THOMPSON: Personally, do you know anything about it?

Colonel POTTER: I cannot give you any information about it.

Mr. THOMPSON: Captain Adair was examined and he was not able to give us very much information; apparently the negotiations were carried on by Colonel Jones—have you any distinct recollection of the Brownlee contract coming before you?

Colonel POTTER: I knew at the time that they were getting goods from him but that was all I knew about it.

Mr. THOMPSON: Did you place the contract with him or did you place any order with him yourself?

Colonel POTTER: I did not get here until the 9th of August.

Mr. THOMPSON: That was on the 28th of September.

Colonel POTTER: Was that when the contract was given?

Mr. THOMPSON: No, that refers to the settlement that was made afterwards—when did you arrive here?

Colonel POTTER: From my recollection, it was the 8th or 9th of August; it was after the war broke out.

Sir CHARLES DAVIDSON: Have you any record of that contract?

Mr. THOMPSON: We had these contracts before us, and unless Colonel Potter had some independent recollection of the contract I do not know that his testimony will be of very much assistance to us. The auditor general calls my attention to the fact that the order was on the 11th of August—when did you arrive?

Colonel POTTER: I think it was the 8th or 9th of August.

Mr. THOMPSON: Yes, it was arranged before that. The director of contracts, writing to the auditor general, says that the order was given to Mr. Brownlee by letter dated the 11th of August, and this was merely giving expression to an earlier verbal arrangement, come to by Colonel Jones and his officers with Mr. Brownlee, so that, if the director of contracts is correct, Colonel Jones or his officers made the arrangement before the 11th of August, and that would be before Colonel Potter arrived.

Colonel POTTER: Very likely, because, as I say, I did not get here until the 8th or 9th of August.

Mr. THOMPSON: Do you recollect whether the Brownlee contract came before you for criticism as to the prices?

Colonel POTTER: I cannot say from memory; I have no recollection of it; it is quite possible it may have.

Mr. THOMPSON: I notice that the account is certified to by Major Jacques.

Colonel POTTER: He was the senior officer at that time.

Mr. THOMPSON: It would be his duty to certify to these accounts?

Colonel POTTER: It would be.

Mr. THOMPSON: It would not likely come before you officially?

Colonel POTTER: I do not think so.

Mr. THOMPSON: And if it did, your initials would be attached?

Colonel POTTER: There would likely be some record somewhere of that.

The witness retired.

ELSWOOD SETTELL, of the city of Toronto, secretary to Sir Adam Beck, sworn:

Examined by Mr. Thompson, K.C.:

Q. How long have you been secretary to Sir Adam Beck?—A. For nine years.

Q. At Winnipeg, W. I. Elder, remount purchaser at Brandon, in his evidence, page 776, Volume V, states—I may say Mr. Commissioner that there was some question as to whether the number of horses shipped corresponded with the number purchased. I will commence at page 774, Volume V, the evidence of Elder, and I will read it to the witness:

[Ottawa, Brandon Horses—Settell.]

Q. Were you at Brandon headquarters?—A. I was officer commanding Brandon remount stables.

Q. Can you tell me how many horses were purchased at Calgary?—A. Altogether?

Q. Yes?—A. I cannot say.

Q. Have you got any records at Brandon to show that?—A. They would be in the office there to show that.

Q. Is there an office there yet?—A. Yes.

Q. Is it not closed?—A. Unless it was closed since I left on Sunday.

Q. Is there an officer in charge?—A. Yes.

Q. What is his name, is it Major Ransom?—A. No, it is just a clerk.

Q. Would he have records to show how many were purchased at Calgary and how many were shipped from Calgary?—A. Yes, sir, he will have the records for every horse purchased, where it went and where it is at the present moment.

Q. Do you know, of your own knowledge, any of the records of these horses from Calgary?—A. Yes, sir.

Q. Can you tell me how many were shipped from Calgary?—A. To Brandon remount station?

Q. Well, shipped away from Calgary?—A. I could not possibly say that.

Q. Did you hear at the Remount depot at Brandon any comment upon there being a shortage of horses at Calgary. That is, the number shipped did not correspond with the number purchased?—A. I was told by Mr. Settell, Sir Adam Beck's chief clerk, who came west on an inspection trip with Mr. Robert Graham, that there was a shortage of horses at Calgary.

Q. Is that for the Canadian Remount?—A. Yes, sir.

Q. Did he say how many?—A. I understood from him that it was at that time 54 or 55 horses, 54 horses, I think.

Q. Did you understand from him that there were 54 horses which had been purchased for the Remount at Calgary which had not been shipped?—A. That there was that shortage at Calgary, horses that should have been at Calgary that were not there.

Q. Had that anything to do with Colonel McRae's purchases?—A. Yes, it was inferred that it was under Colonel McRae's direction as chief remount commissioner for the West that these horses had been bought, and he was responsible.

Q. Was Sir Adam Beck buying subject to Colonel McRae's order?—A. No, Sir Adam Beck was director of remounts, and Colonel McRae had gone to the front, and Sir Adam Beck had sent his secretary west to inspect the horses belonging to the remount in the West before he would take them over and become responsible for them.

Q. What had Settell to do with the Canadian Government purchases?—A. Nothing that I know of, only he was Sir Adam Beck's private secretary.

Q. Was Sir Adam Beck concerned in Canadian remounts or in Imperial remounts?—A. Canadian, he is at present Director of Remounts for the Canadian Government.

Q. The information we had in Prince Edward Island is that he was buying for the Imperial Government?—A. No, sir, he is director of remounts for the Canadian Government.

Q. When was he appointed to that position, do you know?—A. He had that appointment—well, I am not sure whether he had the appointment to that commission when Colonel McRae was appointed director of remounts for the West, or whether he had got that since. He was remount commissioner in the East but I think his appointment was from the first as director of remounts for the Canadian Government.

Q. And you say there are records at Brandon which will show how many horses were purchased at Calgary and how many were shipped?—A. Yes, sir. When Mr. Settell left, he told me that the whole thing was a bungle in the West, that the horses were not here that were purchased, and that he was going to report to Sir Adam Beck that he would bundle up the whole work as a bad job.

Q. Did you take any steps to ascertain from the records at Brandon whether his statement was correct or incorrect?—A. I told him right then that his statement was not correct, and I went into the books at Brandon and I got a record of every horse that was bought, every horse that was shipped to the different units, and where they were at the present time, the horses that were shipped overseas as wastage and with the different units, and mailed that to Mr. Robert Graham as inspector at Toronto, and I saw him in Toronto two weeks ago and he told me that he mentioned it to Sir Adam Beck.

Q. Did you find from the records that there was no shortage?—A. None whatever, absolutely correct. We could show by our statement where every horse went that was bought.

Q. You ascertained that by the original records at Brandon?—A. Yes, sir, right off the horse register at Brandon.

Sir CHARLES DAVIDSON: You were satisfied that there was no shortage?

The WITNESS: No shortage whatever, none whatever.

By Mr. Thompson, K.C.:

Q. What report did you send in?—A. To whom?

Q. That is what I want to find out, to whom did you send it. Did you make a report after your trip west?—A. I made a joint report with Mr. Robert Graham, to Sir Adam Beck.

Q. In writing?—A. Yes.

Q. To what effect?—A. We were told to report on the type of horses, their conformation, and the care that was being taken of them, and what the probability was for securing supplies of horses in the West.

Q. Did you make any report about the alleged shortage?—A. No, sir, I had no instructions to report on that.

Q. Did you report on there being a shortage?—A. No, sir.

Q. Did you find there was any shortage?—A. No, sir.

Q. Did you tell Elder that the whole thing was a bungle in the West and that there was a shortage?—A. No, sir, Mr. Elder at that time was a discharged employee. Mr. Ransome the accountant had charge of the office after Colonel McRae and Captain Frye left: he would not let Elder into the office, he told me himself he had to close the door against him.

Sir CHARLES DAVIDSON: Against whom?

The WITNESS: Mr. Elder, and Mr. Elder has put words in my mouth that he wanted to get published. That was his only object in doing that. He spoke very bitterly against most everyone in charge of the remounts up there when we were there.

By Mr. Thompson, K.C.:

Q. It does not look as if the door were closed against Elder, because during his examination in Winnipeg he was requested to secure documents from the Remount Department, and they were sent to him?—A. I told Mr. Ransome to let him do it if he wanted, at the time I did not know the circumstances.

Q. When the Commission sat at Winnipeg, where were you?—A. In Toronto.

Q. Did they telegraph to you as to whether these documents should be sent from Brandon to Winnipeg?—A. No, sir.

Q. Then, it does not look as if the door were closed against Elder?—A. Not in the end.

Q. What do you mean by that?—A. I believe he was re-appointed when someone else got in.

[Ottawa, Brandon Horses—Settell.]

Q. Do you know anything now about there being a shortage?—A. According to my records there was a shortage but I got mixed up.

Sir CHARLES DAVIDSON: Of how many?

The WITNESS. Of about fifty. There were some horses from Kamloops that should have been in Calgary, according to my recollection, but which had not been shipped to Calgary, and the records did not show that. I had to ask some questions of such a nature that would put doubt in the minds of the officials but that is what I was after. As far as making a statement like that, I would not do such a thing.

Q. You say your record showed a shortage; I presume you referred to the record you had in your hand before you went to Winnipeg?—A. Yes.

Q. After you got to Brandon you found that your records which you had in your possession were not accurate and that there was no shortage, is that a fact?—A. Yes, only I went to Brandon last on the way back, I did not go there first.

Q. At any rate, as a result of your inspection, and the inspection made by Mr. Graham, you found that everything was correct?—A. Yes, sir, and I feel rather badly about this, because I have got a couple of letters from the West saying that I made this statement and that I went from Red Deer—I never was in Red Deer in my life—they said I was in Red Deer. I would not make a statement like that, sir. There are so many people up there fighting amongst themselves that if they could get anything like that they would spread it.

Sir CHARLES DAVIDSON: How did you come to be there?

The WITNESS: When Colonel McRae left for overseas, I believe it was intended to have Sir Adam Beck take charge of the West, and Mr. Robert Graham was judging horses at Edmonton, at the Edmonton show at the time. He was the remount purchaser in Toronto, and so it was arranged that I would go out and meet Mr. Graham at Edmonton and we would come back together and inspect the camp, and give Sir Adam Beck a report of the horses and of the general conditions out west.

Sir CHARLES DAVIDSON: At page 776, Volume V of the evidence, Elder says that you declared that the whole thing was a bungle in the West, that the horses were not here that were purchased, and that you were going to report to Sir Adam Beck that you would bundle up the whole work as a bad job—did you say anything like that?

The WITNESS: No, sir, Mr. Elder was drawing on his imagination.

Sir CHARLES DAVIDSON: Do you know whether or not Mr. Reynolds was acting adjutant at Brandon when you were there?

The WITNESS: No, sir, I never heard of him.

Sir CHARLES DAVIDSON: What class of horses did you find there?

The WITNESS: Mostly middleweight, light artillery.

Sir CHARLES DAVIDSON: I mean as to quality.

The WITNESS: Very good quality, of course, we thought we got better horses in the East.

Sir CHARLES DAVIDSON: You thought they were not as good as those bought by you?

The WITNESS: Yes, sir.

Sir CHARLES DAVIDSON: What as to quality?

The WITNESS: Very good quality.

By Mr. Thompson, K.C.:

Q. I suppose you thought that the Ontario horses were better?—A. Yes, sir, we thought that our horses were better.

Mr. THOMPSON: That is all.

The WITNESS: Do you want to ask me anything about the Cox horses?

Mr. THOMPSON: Information was given to us that Mr. Cox of Toronto presented fifty horses to the Government, and that these horses were afterwards rejected, and after being rejected some of them were purchased by the Government purchasing agents—do you know whether Mr. Cox did present them as a gift to the Government, or any horses?

The WITNESS: My recollection is that he presented these horses in the nature of a loan to the Mississauga Horse, and that after the Mississauga Horse was disbanded as a cavalry unit, I believe the horses went back to Mr. Cox. That is my recollection of it.

Mr. THOMPSON: Did you have charge of the records of the horses purchased in the Toronto district?

The WITNESS: Yes.

Mr. THOMPSON: Would those records show that Mr. Cox had presented fifty horses, if he had done so?

The WITNESS: That was a presentation to the regiment, as far as I remember, and they were not in our records. It was before Sir Adam Beck took charge.

Mr. THOMPSON: Suppose that I were in the Toronto district, and that I presented 50 horses to the Government for military purposes, would that appear in your books?

The WITNESS: Yes, sir.

Mr. THOMPSON: And it is your information that these horses were loaned by Mr. Cox to the Mississauga Horse?

The WITNESS: That is my impression.

Mr. THOMPSON: There is no record in your books of such horses having been given either to the regiment or presented to the Government?

The WITNESS: No, sir.

Mr. THOMPSON: The statement is made, as appears in Hansard, that Mr. Cox presented fifty horses to the military authorities in Toronto—did he present fifty horses to the military authorities at Toronto?

The WITNESS: Not to my knowledge.

Mr. THOMPSON: If any horses were presented to the Government, would the entry of this be made in your books?

The WITNESS: Yes, sir.

Mr. THOMPSON: Do you know what the facts are with reference to these horses?

The WITNESS: When Sir Adam Beck took charge he went to the exhibition grounds at Toronto, and there were horses there from all over, there were horses there that were purchased by Mr. Fallis, and there were a great many of them that were thin in flesh.

Mr. THOMPSON: Were the Cox horses there?

The WITNESS: There were horses altogether there on the exhibition grounds.

Mr. THOMPSON: According to Mr. Cox, the fifty horses were sent to the training school at Long Branch, and afterwards they were sent from Long Branch to his Oakville farm.

The WITNESS: I am not very clear about that; there is no record about them in our books.

Mr. THOMPSON: If they had been presented to the Government as stated in this information contained in Hansard, that would appear on your books.

The WITNESS: If they were presented to the Government it would, sir.

The Witness retired.

JOHN FRASER, I.S.O., Auditor General of the Dominion of Canada, sworn:

Sir CHARLES DAVIDSON: We are about nearing the completion of the taking of testimony, Mr. Auditor General. As you are aware, the pistol and revolver case is to be continued, and the evidence of Mr. Davison, of the Electric Boat Company, secured. You have seen the communication that we have received from a person signing himself Oliver of Winnipeg, which appears to be a fictitious name, and I have shown you also a communication from a gentleman at Vancouver.

Mr. FRASER: I do not recollect the Vancouver letter.

Sir CHARLES DAVIDSON: I will show it to you later. Is there anything else now that you can think of which it would be proper for this Commission to investigate?

[Inquiry Generally—The Auditor General.]

Mr. FRASER: No, I cannot recollect anything now that I want examination made into further than what has been made.

Sir CHARLES DAVIDSON: Either here or elsewhere?

Mr. FRASER: No.

Sir CHARLES DAVIDSON: We have had the pleasure of your company, Mr. Auditor General, throughout the eastern provinces and in the West.

Mr. FRASER: Yes, Sir Charles, I enjoyed your company very much and also the experience I have had.

Sir CHARLES DAVIDSON: Save at Regina, and Winnipeg, and Calgary, where it was impossible for you to continue with us, in consequence of your public duties, you were present at all the sittings of the Commission?

Mr. FRASER: Yes.

Sir CHARLES DAVIDSON: Was there anything affecting the cases which arose, in which the evidence was not sufficiently thorough, Mr. Auditor General?

Mr. FRASER: Not that I am aware of. I read the reports of your meetings in the West, at which I was not present, and everything seemed to have been gone into very thoroughly.

Sir CHARLES DAVIDSON: And when you were a witness of our proceedings, what have you to say?

Mr. FRASER: I was perfectly satisfied with the examinations that were made.

Sir CHARLES DAVIDSON: All suggestions which you made and which you desired carried out were carried out?

Mr. FRASER: Yes. You very frequently asked me during the course of the inquiry if I had any further questions to ask, or any further suggestions to make, and whenever I had any questions to ask or suggestions to make I gave them to Mr. Thompson and they were always promptly attended to, and very satisfactorily attended to.

Sir CHARLES DAVIDSON: In fact I think you could fairly say, Mr. Auditor General, that you were treated as a coadjutor in the furtherance of the inquiry.

Mr. FRASER: I was never conscious of any other treatment from the Commission than that which I would desire.

Sir CHARLES DAVIDSON: These are valuable statements to receive from such a high official as you are, Mr. Auditor General, because it is well that the public should have a very sincere and unqualified belief in the earnestness with which these inquiries have been pressed.

Mr. FRASER: So far as the knowledge I have of the inquiry made by your Commission it has been a very full and thorough one. If I am any judge at all of these matters, I must say that the inquiry was very satisfactory. I cannot imagine or think of anything else that could have been done. I think the matters submitted to you were very fully covered. It is true that persons who were not present at the meetings of this Commission may think now that certain things should have been done which were not done, but it is impossible for them to judge, unless they have been present, as I was.

Sir CHARLES DAVIDSON: And if there is anything of importance to inquire into the Commission is still open for their investigation at the slightest suggestion from you.

Mr. FRASER: Yes, I presume that any ground that has not been covered can yet be attended to.

Sir CHARLES DAVIDSON: I will speak more fully of this later, but in the meanwhile I desire to express my appreciation of the absolutely fearless way in which Mr. Thompson, now Captain Thompson, fulfilled the duties of the position as Counsel to the Commission, to which I had called him.

The witness retired.

The Commission then adjourned until Friday morning, February 25, at half-past ten o'clock.

OTTAWA, Canada, Friday, February 25, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

At the sitting of the Commission:

SIR CHARLES DAVIDSON: In connection with the inquiry into the purchase of submarines, I received last night the following telegram from New London, Conn.:—

Mr. Carse informs me has arranged date to meet you in Ottawa. Please let me know whether important I should go to Ottawa as decidedly more convenient to go to Montreal.

G. C. DAVISON.

You will recollect that Mr. Carse, president of the Electric Boat Company, stated that Mr. Davison was the chief engineer of the company, and that he had to do with the construction of these boats, and also that he visited Seattle during their construction there.

MR. THOMPSON: He was also the officer of the company we intended to examine when the Commission was in New York. You will recollect, sir, that owing to a very severe storm the train communication between New London, where the works of the company are situated, and New York was demoralized, and that Mr. Davison was unable to be present.

SIR CHARLES DAVIDSON: I may also state that Mr. Carse, the president of the company, has written me the following letter:

HOLLAND SUBMARINES ELECTRIC BOAT COMPANY,
NASSAU AND PINE STREETS.

NEW YORK, February 23, 1916.

Honourable Sir CHARLES DAVIDSON,
Ritz-Carlton,
Montreal.

DEAR SIR CHARLES,—I have received this morning your favor of the 22nd instant, which I had been awaiting in order to endeavor to make a new engagement for our Mr. Davison to appear before you, and as you expect to be in Ottawa on Friday and Saturday of this week I have arranged that Mr. Davison will leave New York Friday night and be with you on Saturday morning of this week. I very much regret his inability to have testified on last Saturday but the technical officers have been very heavily burdened the last week or so, as we are having serious negotiations with six foreign powers with regard to submarine boats, which require very careful calculation. It would seem that if it were not for the inability of obtaining material promptly, and the present high cost of labour, that we would secure a very large amount of building from different nations of the world. In addition to this, the United States Government expects very shortly to put through a very heavy

[Ottawa, Submarines.]

program, so that our people are all engaged to the utmost in endeavouring to work out their problems.

With regards,
Very sincerely yours,

HENRY R. CARSE,
President.

Lieutenant Colonel CLARKE, assistant director of contracts, sworn:

Mr. THOMPSON: I call Colonel Clarke with reference to the horses purchased by Colonel McRae in the West. You will recollect, sir, that you asked me to get the cheques which were used in connection with the horses that were purchased there, and I have called Colonel Clarke.

By Mr. Thompson, K.C.:

Q. Have you got these cheques, Colonel Clarke?—A. No, sir, there are no cheque-books that I can find in the city of Ottawa for any of the western purchases; there are cheques but not the cheque-books.

Q. Were not the cheque-books returned?—A. Not that I am aware of. I cannot find out whether they were or not, I cannot find any trace of them at all.

Q. Did you try to find them at Brandon?—A. I have not inquired at Brandon, but the officer there was requested to return everything. It appears that the cheque-books were not included in their records at the time.

Sir CHARLES DAVIDSON: Can it be that Colonel McRae has them with him?

The WITNESS: I cannot say, sir, I should not think so.

Sir CHARLES DAVIDSON: What cheques have you got?

The WITNESS: I think all the cheques supposed to be issued for the payment of horses in the West.

Sir CHARLES DAVIDSON: Are they in your department?

The WITNESS: No, sir, I have not seen them; but I made inquiry at the auditor general's office and they are all there that are here.

Mr. THOMPSON: Elder, the Remount officer at Brandon, said he made a report to Colonel Clarke and some question had arisen as to there being a shortage of horses. He said he had checked over the horses and had sent a report to Colonel Clarke showing that all the horses were there.

By Mr. Thompson, K.C.:

Q. Have you that report?—A. I do not remember seeing that; I had no communication of any kind from Mr. Elder, nor do I remember having seen it.

Q. It would be in your department?—A. It ought to be.

Sir CHARLES DAVIDSON: Have you searched?

The WITNESS: I have searched very carefully everything and I cannot find it; I have no recollection of having seen it.

Mr. THOMPSON: Then, some question arose as to an officer named Reynolds, who was adjutant of the depot at Brandon, and who had severed his connection with the depot. One of the witnesses said that Reynolds had been discharged. In a letter to me he stated he continued at the depot until it was closed.

By Mr. Thompson, K.C.:

Q. Have you any record to show how Reynolds' services were dispensed with?—A. No, sir, I have looked for that and I could not find it.

Sir CHARLES DAVIDSON: Would that be a matter between Colonel McRae and Reynolds?

The WITNESS: Yes, sir, it may have been a verbal arrangement.

Sir CHARLES DAVIDSON: It may simply have been a verbal order?

[Ottawa, Horses—Clarke.]

ROYAL COMMISSION

The WITNESS: Yes, sir.

Sir CHARLES DAVIDSON: Transferring him elsewhere?

The WITNESS: Yes, sir.

Mr. THOMPSON: You also asked me, sir, to have Colonel Clarke get the cheques for the 11 horses and the 27 horses bought from Dixon Brothers and Schultz at Vancouver, and the auditor general produces these now.

Sir CHARLES DAVIDSON: Colonel McRae is still at the front?

The WITNESS: Yes, sir, he is at Folkestone, England.

Sir CHARLES DAVIDSON: I understand, Mr. Thompson, that you arrived in Ottawa this morning from your military duties in Toronto.

Mr. THOMPSON: Yes, sir.

Sir CHARLES DAVIDSON: And you have not yet been able to learn if the Hon. Mr. Burrell is in a fit condition to appear before us or to be examined at his residence?

Mr. THOMPSON: No, sir.

Sir CHARLES DAVIDSON: Could you do so during the morning?

Mr. THOMPSON: I will make inquiry, sir, but last Sunday he was physically in no condition to be examined.

The witness retired.

Sir CHARLES DAVIDSON: Mr. Thompson, Mr. Owens has now extended his notes of the evidence, given by Mr. Stone the vice-president of the Colts Arms Company, and which was taken on the 13th of February. It may be stated that a hastily prepared copy of this evidence was extended, at Mr. Stone's request, so that he might see his evidence before he left the city of Ottawa. I communicated this hasty extension of the notes to the auditor general last week, and both the draft copy and the revised extension of the notes are now to be put on record.

The evidence of Mr. Stone was then put on record.

Sir CHARLES DAVIDSON: Have you had any communication with Colonel J. Wesley Allison?

Mr. THOMPSON: No, sir. Last week I telephoned to his residence and was informed that he was in the Southern States. I am informed that he is still in the South. I have not been able to ascertain where he is.

Sir CHARLES DAVIDSON: You have not?

Mr. THOMPSON: I made inquiry but I have been unable to ascertain.

Sir CHARLES DAVIDSON: It is desirable he should be further examined.

Mr. THOMPSON: Yes, sir.

Sir CHARLES DAVIDSON: Perhaps during the morning you might also make further inquiries as to when Colonel Allison will be available.

Mr. THOMPSON: I have endeavoured to ascertain this morning where I might locate him, but without any success. The information I received was that he was still in the South.

Mr. THOMPSON: I shall have further evidence in reference to the alleged gift of fifty horses by Mr. Herbert Cox to the Government. You will recollect, sir, that the information was that these horses were presented by Mr. Cox to the Government, that they were subsequently rejected, and at a later date were sold to the Government—that twelve of them were sold to Jones, and then purchased by Macdonald and Hall for the Government. I read some statements which appeared in the Toronto press at the last sittings of the Commission. These statements were not on oath. One statement was a statement made by Mr. Cox, who is in California and is not available to give evidence before the Commission. I shall however, later in the day, call Lieutenant-Colonel S. T. Beckett of the 75th Battalion at present in Toronto. I telephoned to Colonel Beckett yesterday and arranged for him to appear this morning, but the train

[Ottawa, Colt's Arm Co.—Mr. Stone's Evidence.]

is late on account of the storm; I expect he will be here later in the day. He telephoned me last night that Friday was a field day of the troops in Toronto and that he would prefer to be present on Saturday. I told him that would be satisfactory. Colonel Beckett, I understand, in August or September, 1914, was second in command of the Mississauga Horse, and is cognizant of the conditions under which these horses were, as it turns out, loaned to the Mississauga Horse by Colonel Cox. I will also have an affidavit by Lieutenant-Colonel J. H. Moss, of Toronto, who is now Colonel of the Mississauga Horse, or was on the staff, when that regiment went into camp for training purposes. He has made a declaration setting forth the condition under which these fifty horses were loaned by Mr. Cox to the Mississauga Horse.

Sir CHARLES DAVIDSON: Would his military duties interfere with his coming down himself?

Mr. THOMPSON: I do not know, sir, Colonel Beckett is under orders to sail as one of the 14 battalions, but he will be here in the morning. As he was second of the Mississauga Horse at the time, I think his testimony would be sufficient on that point, and I merely wish to supplement it by the declaration of Colonel Moss.

Sir CHARLES DAVIDSON: With respect to the pistol inquiry, Mr. A. Macfarlane is, as will be remembered, the agent of the Colts Arms Company, resident in Montreal. It will also be recalled that a letter was written at our last sitting, from Mr. Stone, stating that it was not possible for Mr. Skinner, vice-president of the company, to attend here, but that he would be ready to answer written interrogatories. On February 22, that is, during the course of the present week, I wrote as follows to Mr. Macfarlane:—

When I called you up by telephone this morning it was answered that you had left but a few minutes before for Ottawa, whence you would not return before to-morrow evening. I was and am anxious to know whether you made any progress towards securing the presence of Colonel Skinner at Ottawa on Friday or Saturday of this week, or elsewhere, at some later date. Kindly telegraph me to-morrow. It is my intention to start for Ottawa at four o'clock in the afternoon, or at eight o'clock in the night, on Thursday.

I telephoned two or three times to Mr. MacFarlane's office at Montreal, and was unable to secure any further personal communication with him. Perhaps, Mr. Thompson, you might, during the morning, telephone to Montreal, and see if he has made any progress in this direction.

As to the further inquiry in connection with the 700 pistols and 70 revolvers, concerning which I wrote to Mr. Brown, director of contracts, this week, conveying to him the request that he should attend this morning, I now learn from Mr. Owens that Mr. Brown is in attendance at the Public Accounts Committee, and that he has requested he should be telephoned for when needed.

I direct that he be communicated with and requested to be present at half-past two o'clock this afternoon.

HARRY W. BROWN, director of contracts, Department of Militia and Defence, already sworn:

Examined by Mr. Thompson, K.C.:

Q. Have you found any further correspondence relating to the 70 revolvers?—
A. Yes, I have brought what departmental papers there are on the subject here. There are very few of them, but there is a copy of a letter here from Sir Clifford Sifton to the Colts Arms Company, dated October 6, 1914, from which it appears that the revolvers were ordered either by or for him or his battery.

Sir CHARLES DAVIDSON: What does it say?

[Ottawa, Pistols and Revolvers—Brown.]

Mr. BROWN: It reads:

October 6, 1916.

COLTS PATENT FIRE ARMS MANUFACTURING COMPANY,
Hartford, Conn.

GENTLEMEN,—I have to-day paid your draft for \$470. I am sending back the draft for \$980. The Militia Department will pay this amount, being the account for revolvers. The revolvers should have been purchased for the Militia Department and charged to them, but Major Brutinel was so busy getting his battery ready to leave, and the minister being away, it could not be arranged in time. The Minister of Militia returned this morning and approved the account and ordered it paid. You will receive payment, therefore, in due course. I shall drop in and see the deputy minister in two or three days to see that there is no delay.

Believe me,

Yours faithfully,

(Sgd.) CLIFFORD SIFTON.

By Mr. Thompson, K.C.:

Q. What had he to do with the battery?—A. It was called Sifton's Battery. I think Sir Clifford Sifton was paying the cost of the battery, or contributing to the cost of the battery. Attached to that letter is a bill of the Colts Company, dated September 21, addressed Mr. R. Brutinel, c/o J. W. Sifton, Ottawa: "70 5½-inch .455 calibre, New Service, R.E.S. blue, \$14—\$980." There is a note here for General Hughes for the Machine Gun Corps, and it is signed "O. K. (S. H.), 6th October, 1914." Under these instructions the account was passed for payment on the 27th of October.

Sir CHARLES DAVIDSON: Where is Major Brutinel now?

The WITNESS: I presume he is in the battery overseas, I think he is in France.

Sir CHARLES DAVIDSON: That shows how they were ordered and how they were paid for; the department first refused payment and on investigation the minister ordered the account paid.

The WITNESS: The minister appears to have initialled that bill, and it is approved, and apparently it did not reach me for two or three weeks afterwards.

Sir CHARLES DAVIDSON: I suppose that is a satisfactory explanation for the order for these seventy revolvers and for their payment.

By Mr. Thompson, K.C.:

Q. As to the 700 Colts pistols, that were not accounted for in the ordinary way, have you found any further documents which would show the actual delivery of these 700 pistols?—A. No, except that I have here the departmental file of the Militia Department. But, I think, depending on my memory, everything has gone in on the evidence already.

1 Sir CHARLES DAVIDSON: Who made that memorandum which is set out in Volume VI, page 536 of the evidence?

The WITNESS: I think it is initialled by me. I have also some correspondence on the official file showing what was done in the way of inquiry to ascertain where these pistols have gone, this correspondence was exchange of minutes and is not conclusive. It is to the effect that we made inquiries of the express companies, at Valcartier, and Quebec, and Montreal, and we also made inquiry of the ordnance officer who took delivery of stores at the Valcartier camp, that is Lieutenant-Colonel Halleck, and also we inquired of the ordnance officer at Montreal, and neither of these officers knew anything about the receipt of these 700 pistols. I have discussed the matter with Colonel Halleck, at different times within the last few days.

Sir CHARLES DAVIDSON: Is Colonel Halleck here?

The WITNESS: Yes. He is an officer on the Headquarters Staff, and he was at Valcartier, and he is of the opinion that the pistols may very well have been received

[Ottawa, Pistols—Brown.]

at Quebec and have been shipped on board the transports there, without a proper record having been made, because they reached Quebec—if they reached Quebec at all—just at the time of the embarkation and there was considerable confusion there at that time, and Colonel Halleck tells me another thing, and that is that these were consigned to Colonel Halleck at Quebec, while he was actually the ordnance officer at Valcartier, and it might possibly account for their going astray.

Sir CHARLES DAVIDSON: Have they gone astray—what is your impression from your inquiries?

The WITNESS: It is my own opinion that they did actually reach Quebec and that they were put on board the ships.

Sir CHARLES DAVIDSON: That they were duly received?

The WITNESS: That they were duly received and that no proper record was taken at the time in the confusion. We have the original express receipts, showing shipment of packages from Hartford, corresponding exactly or approximately to the dates of the invoices of the Colts Company for these pistols.

Mr. THOMPSON: May these receipts have reference to any other consignment?

The WITNESS: They may possibly, but I do not think it is likely, because there were only a few orders for Colts and this matter was all looked up at the time. We have had these receipts against any invoices we got from Colts.

Sir CHARLES DAVIDSON: Do these express receipts to which you refer show the transmission of these packages from Hartford to Waddington and then from Morrisburg to Quebec?

The WITNESS: Yes, sir, they do.

Sir CHARLES DAVIDSON: There is nothing to identify, I presume, the boxes received in Quebec as being the same as those delivered to Colonel Allison at Waddington?

The WITNESS: There is no record of there being received at Quebec, and there is nothing to absolutely identify the boxes shipped from Morrisburg with these received at Waddington, but a comparison of the dates and the number of boxes seems to raise the presumption that they were shipped.

Mr. THOMPSON: Did Colonel Allison ship the same number of boxes from Morrisburg as were shipped from Hartford?

The WITNESS: Yes, it was straight right through.

Sir CHARLES DAVIDSON: Have you any doubt but that these boxes contained these 700 pistols?

The WITNESS: I have no reasonable doubt.

Sir CHARLES DAVIDSON: What do the letters "D.C.E." on this receipt mean?

The WITNESS: Director of Clothing and Equipment; that is an officer at Headquarters, Colonel Macdonald, and Lieutenant-Colonel Halleck is his assistant. Colonel Macdonald is charged with the receipt and storing and distribution of stores and clothing to the troops. Lieutenant-Colonel Halleck as ordnance officer at Valcartier camp, was acting under him, and he was really the representative of the director of clothing and equipment.

Sir CHARLES DAVIDSON: Would you consider it desirable, Mr. Thompson, to call Colonel Halleck for examination?

Mr. THOMPSON: I will call him but I do not think he can throw any light on the transaction.

Sir CHARLES DAVIDSON: The witness has stated frequently that Colonel Halleck told him something. Colonel Halleck has given a receipt for these articles, has he?

Mr. THOMPSON: I can call Colonel Halleck to-morrow morning.

Sir CHARLES DAVIDSON: Mr. Brown, in your letter to the Colts Company, dated the 24th September, 1914, which appears at page 524, Volume VI of the evidence, you state:

I fear Colonel Allison is depending too much upon his memory.

What was the cause of that statement?

The WITNESS: That is explained, I think, in the last paragraph of that same letter. At least it is explained in part. The last paragraph of that letter reads:

[Ottawa, Pistols—Brown.]

I may add that Colonel Allison's statement with regard to the shipment of guns and pistols; that Colonel Murphy reported all these shipments direct to Director of Contracts Brown, and Mr. Brown acknowledged the receipt of same to me; is not correct.

As I have already stated, Colonel Murphy disclaims all knowledge of any shipment except the one, and he certainly did not report the receipt of any other shipments to me nor did I acknowledge the receipt of all shipments to Colonel Allison. I doubt very much whether I acknowledge the receipt of any shipment whatever to Colonel Allison, although, as I am speaking from memory, I cannot be positively certain about that.

Sir CHARLES DAVIDSON: Have you verified, so as to be able now to speak with certainty?

The WITNESS: No, I never verified that statement in my letter. Colonel Allison made certain statements, that is to say: that Colonel Murphy reported all shipments. That is not correct. We also made the statement that I reported all shipments to him. That statement is not correct. Then I said, later on, that I doubted very much whether I acknowledged the receipt of any shipments whatever. I am not sure whether I did acknowledge the receipt of any shipments at all, but I know that I did not acknowledge the receipt of all shipments to Colonel Allison.

Sir CHARLES DAVIDSON: As I understand it, all the merchandise paid for to the Colts was received, according to the best of your knowledge?

The WITNESS: With the exception of these 700 pistols, to my knowledge, and with regard to the 700 pistols, to the best of my belief.

The witness retired.

The Commission adjourned to meet to-morrow morning, Saturday, February 26, 1916.

OTTAWA, CANADA, Saturday, February 26, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,

Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

Lieutenant-Colonel WILLIAM HALICK, director of stores, Militia Department,
sworn:

Examined by Mr. Thompson, K.C.:

Q. What was your position in September and October, 1914?—A. In September and October, 1914, I was for some time senior ordnance officer at Valcartier camp. I was there during the whole of September and part of October.

Q. What were your duties as such at Valcartier camp?—A. I received and issued all arms, stores, equipment, and munitions.

Q. Did you recollect having received a consignment of 700 Colts automatic pistols at Valcartier?—A. No.

[Ottawa, Pistols—Hallick.]

Q. Did you initial for the receipt of any such consignment?—A. No.

Q. What other officer at Valcartier might have signed for the receipt of these?—
A. Lieutenant-Colonel Sullivan of the Canadian Ordnance Corps; he is now stationed at Montreal. He was my assistant.

Q. If he signed acknowledging the receipt of these arms would that document be on record at Ottawa?—A. It would be in my accounts of Valcartier camp.

Q. Is there any such document?—A. Acknowledging receipt?

Q. Yes?—A. Not to my knowledge.

Q. I presume we may take it for granted that there is no such receipt signed by him?—A. Yes, you may.

Sir CHARLES DAVIDSON: Are these cases opened before a receipt is given??

The WITNESS: Oh, yes.

By Mr. Thompson, K.C.:

Q. And the contents examined, I presume?—A. Yes. *

Q. Mr. Brown produced the express receipts—did you look at these express receipts as found on the files of the Militia Department, file 466-30-20, now handed to me by Mr. Brown, director of contracts; there are several receipts here on the form of the American Express Company—Mr. Brown will you look at these?

Mr. H. W. BROWN: There is a receipt of the American Express Company, 29th September, 1914, five boxes, from Hartford, addressed to J. W. Allison, Waddington, New York; there is a receipt dated September 30, of the American Express Company for two boxes, addressed to Colonel Allison, Waddington.

Mr. Brown produced the documents.

Mr. BROWN: The first of these receipts is:—

WADDINGTON, NEW YORK OFFICE, 1st October, 1914.

J. W. Allison to American Express Co., Dr.

For transportation of 5 boxes, our charges \$19.06 from Hartford, Conn.

Date of shipment, September 29.

Weight, 990 pounds.

Received payment for the company.

(Sgd.) S. J. CLIFFORD.

(There is a doubt whether this signature is "Clifford" or not—I cannot very well make it out.)

The second one reads:—

WADDINGTON, NEW YORK OFFICE, October 2, 1914.

J. W. Allison to American Express Company, Dr.

For transportation of two boxes, our charges \$6.48 from Hartford, Conn.

Date of shipment, September 30, 1914.

Weight, 341 pounds.

Received payment for the company.

S. J. CLIFFORD.

The third one is:—

WADDINGTON, NEW YORK OFFICE, October 3, 1914.

J. W. Allison to American Express Company, Dr.

For transportation of 3 boxes, our charges \$11.49 from Hartford, Conn.

Date of shipment, October 1.

Weight, 598 pounds.

Received payment for the company.

S. J. CLIFFORD.

[Ottawa. Pistols—Hallick.]

The fourth one reads:—

WADDINGTON, NEW YORK OFFICE, October 5, 1914.

J. W. Allison to American Express Company, Dr.

For transportation of 2 boxes, our charges \$5.75 from Hartford, Conn.

Date of shipment, October 2.

Weight, 396 pounds.

Received payment for the company,

S. J. CLIFFORD.

Sir CHARLES DAVIDSON: These are all that concern this matter.

Mr. BROWN: These are the dates of the invoices; as near as we could make out, these are the shipments concerned. They seem to agree in weight and everything else. These are the four.

Sir CHARLES DAVIDSON: That brings you to Waddington.

Mr. BROWN: Yes, the Canadian Express have receipts from the American company. There are only two receipts here. These express receipts, both of the American company and the Canadian company, are the receipts given by the express companies for shipments made to us by Colonel Allison, and there are only two receipts after the 30th of September from Morrisburg. The first of these receipts reads as follows:

Canadian Express Company,

Office at Morrisburg, Ont., Oct. 2, 1914.

Received of Colonel J. W. Allison, herein called the shipper, nine boxes addressed W. Hallick, ordnance officer, Quebec.

Mr. THOMPSON: What is the weight of these nine?

Mr. BROWN: The weight is not given on these Canadian Express receipts.

Sir CHARLES DAVIDSON: Who is the consignee?

Mr. BROWN: W. Halleck, Ordnance Officer, Quebec. That is signed for the company, "A. E. Loucks" agent, the value is not given, and the weight is not given.

Sir CHARLES DAVIDSON: Nor the express charges?

The WITNESS: No, sir.

Mr. BROWN: The next one reads:

Canadian Express Company,

Office, Morrisburg, Ontario, October 7, 1914.

Received of Colonel J. W. Allison, herein called the shipper, 45 boxes addressed Colonel W. Hallick, ordnance officer, Quebec, signed for the company, A. E. Loucks, agent."

That makes a total of 54 boxes shipped from Morrisburg after the 2nd of October. We have receipts here from the American Express Company of shipments to Waddington of the same number of boxes from Hartford, the same number of boxes received there after the 30th of September and before the 7th of October. These are the 12 boxes the receipts for which I have read, as well as two other receipts, one dated at Waddington for four boxes, on the 1st of October, which was, I know, for feed belts, and another one dated at Waddington, on the 5th of October, for 38 boxes.

Sir CHARLES DAVIDSON: All to Allison?

Mr. BROWN: All to Allison and exactly in the same terms, which Colonel Halleck tells me is for ammunition, but it is certainly evident that the weight puts it out of question for the pistols. These 38 boxes and the 4 boxes for feed belts make 42 boxes, and this, together with the twelve, the receipts for which I read a few moments ago, the American Express receipts, make 54 boxes altogether. That is, 54 boxes shipped from Hartford and received at Waddington between the 1st of October and the 5th of October, and those would appear to account—that is, exactly the same number of boxes as was shipped from Morrisburg to Colonel Halleck at Quebec, by Canadian Express Company, on the 2nd of October, and the 7th of October.

[Ottawa, Pistols—Hallick.]

Sir CHARLES DAVIDSON: Have you the invoices with you?

Mr. BROWN: I have not the invoices with me, but I have the dates of the invoices here; the dates of the invoices were given with my former evidence.

Sir CHARLES DAVIDSON: Do the invoices give details of the charge and the number of boxes in which they are contained?

Mr. BROWN: I do not think they do. My recollection is that they do not give the number of boxes. Here is a copy of one of the four invoices; that is an invoice dated the 2nd of October for 120 pistols, and it merely reads:—

Canadian Government,
Department of Militia and Defence.
120 pistols.

There is an express company's receipt of the 30th of September, but I am assuming from the fact that these four receipts which I have read, of the American Express Company, the earliest one is dated 29th of September—it is a little difficult, because these receipts here cover all shipments to Colonel Allison from the first, as well as all shipments by him from Morrisburg.

Sir CHARLES DAVIDSON: Your present testimony does not agree with the memorandum to which you have referred.

Mr. BROWN: I see that.

Sir CHARLES DAVIDSON: You say there were 15 boxes shipped from Hartford to Waddington and hence on to Valcartier camp through Morrisburg, the contents of which you pick out as 700 pistols. In to-day's statement you only speak of twelve boxes and in your memorandum you say you have a receipt dated September 20 for six boxes, which you have not mentioned now, and then there are the other nine boxes, which would be 15 boxes instead of 12.

Mr. BROWN: There is a note at the bottom saying that with reference to the 15 boxes four were for feed belts, and that would make 11 for pistols.

Sir CHARLES DAVIDSON: That is the explanation?

Mr. BROWN: I think so. It is a little difficult, because it is pretty hard to say positively; one has to guess.

Sir CHARLES DAVIDSON: I merely want your figures to harmonize.

Mr. THOMPSON: Do you now say there were 11 boxes of pistols?

Mr. BROWN: It is merely an effort in trying to identify these shipments from Hartford with the shipments from Morrisburg, since the receipts from the two companies are for identically the same quantities; you have to take the thing in the aggregate.

Sir CHARLES DAVIDSON: I understand, as a matter of fact, that the receipts and number of boxes shipped from Hartford to Morrisburg, and thence to Valcartier, agree.

Mr. BROWN: They agree in the aggregate, and that is all we can say. The rest of it is merely guess, or estimate.

Sir CHARLES DAVIDSON: Does your guess-work amount to conviction?

Mr. BROWN: I feel reasonably sure that these things were shipped from Morrisburg.

The examination of Lieutenant-Colonel HALICK was resumed:

By Mr. Thompson, K.C.:

Q. The American Express Company's slips show five cases, weighing 990 pounds; two cases, shipped on the 2nd of October, weighing 341 pounds; 3 cases, shipped on the 3rd of October, weighing 598 pounds; 2 cases, shipped on the 5th of October, weighing 396 pounds, making, for the 12 cases, 2,325 pounds—what is the weight of a Colt automatic pistol?—A. Two and three-quarter pounds.

Q. What would the weight of these 12-cases be?—A. 30 to 40 pounds each.

Q. How much would that be for the twelve?—A. 420 pounds about.

[Ottawa, Pistols—Hallick.]

Q. What would be the weight of the contents of those twelve cases?—A. A little over 1,900 pounds.

Q. And 1,900 pounds would represent how many automatic pistols?—A. About 700. I think that would be a cross-check of the analysis.

Sir CHARLES DAVIDSON: That is quite important. Have you made vouchers for all these things received at Quebec?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: How is it done?

The WITNESS: For pistols like that I would attach the Colts company's invoices to the certificate voucher, bringing the 700 pistols on the Militia Department charge. As I did not get them, I made no such certificate receipt vouchers.

By Mr. Thompson, K.C.:

Q. You were stationed at Valcartier camp?—A. Yes, sir.

Q. And the pistols in these 12 boxes, were invoiced to Quebec?—A. They were apparently invoiced to my name at Quebec.

Q. For what purpose were they invoiced to Quebec?—A. I cannot say, sir, I do not know how the mistake occurred. The Colts people or Colonel Allison were confused in the matter. They seemed to think I was at Valcartier or Quebec, and I was not at Quebec at all.

Q. If you take the Canadian Express Company's slips and examine the dates, can you say whether these boxes would have arrived at Quebec about the time the transports were loading, can you say whether they would arrive before or after?—A. They arrived, I should say, during the time the transports were loading and leaving, and during the time there was a tremendous lot of confusion.

Sir CHARLES DAVIDSON: What have you got to say as to stores, including arms, being shipped direct from the trains to the transports?

The WITNESS: The trains used to run alongside the ships into the docks and the stores would be unloaded then, and there was an ordnance officer present.

Sir CHARLES DAVIDSON: Who was he?

The WITNESS: He was Lieutenant-Colonel de Lotbinière Panet, he is now in Toronto.

Sir CHARLES DAVIDSON: Would he keep a record?

The WITNESS: Presumably so, but of course I do not know, he did not come within the scope of my duties at all.

By Mr. Thompson, K.C.:

Q. Would the record kept by him at Quebec, about October 1914, be at Quebec, or at Toronto, or at Ottawa?—A. I assume he would have done as I did: keep an account, close it, and hand it in to Ottawa.

Q. If he handed in such a document or documents would they be in your department here?—A. Yes.

Q. Do you know if there are any such in the department here?—A. I do not know.

Q. Do you think there are documents signed by Colonel Panet?—A. I am inclined to think so.

Sir CHARLES DAVIDSON: Mr. Thompson, you might speak to Colonel Panet in Toronto.

(To the witness): Look at the letter appearing in Volume VI, page 524, a letter from Mr. Brown to Colonel Skinner, of the Colts company, in which the following appears:

Lieutenant-Colonel Hallick, who had charge of the ordnance stores at Valcartier states positively that no such lot as 700 pistols were ever received at Valcartier or Quebec.

You have already answered as to Valcartier, what have you to say as to your knowledge of the alleged statement made by you as to Quebec?

[Ottawa, Pistols—Hallick.]

The WITNESS: I find by the correspondence on this file that on investigating this matter I asked the travelling auditor of the Canadian Northern Railway at Valcartier if he could trace them either at Quebec or at Valcartier, because I wanted to trace these pistols, and he replied to me that he had no trace of any receipt or the arrival either at Valcartier or Quebec.

Sir CHARLES DAVIDSON: That statement does not accord with your previous statement to-day, that you had nothing to do at Quebec.

The WITNESS: Generally speaking, I had nothing to do with Quebec, but I made inquiry as to these pistols and I asked the travelling auditor if he could tell me about the matter in Quebec, or he volunteered the information.

Sir CHARLES DAVIDSON: Colonel Panet might know something about it.

The WITNESS: He might.

Sir CHARLES DAVIDSON: When you return to Toronto, Mr. Thompson, you might see Colonel Panet.

Mr. THOMPSON: I am miles away from him, but I could telephone him.

The WITNESS: I think in the correspondence with the travelling auditor he made that statement. I left Valcartier camp on the 8th or 9th of October. These required special attention as to the non-existence of the vouchers. I fully expect now that they were put on board with a load of military baggage. I believe that they have really gone on but through an irregular channel.

Sir CHARLES DAVIDSON: Would there be any source of information as to them in England?

The WITNESS: No, I do not think it would be possible there would be any trace of them, judging by the way the stores were discharged over there. The ships were run alongside the wharves and the contents unloaded.

Sir CHARLES DAVIDSON: Having regard to these express receipts, have you any belief or suspicion that these pistols were stolen or misappropriated?

The WITNESS: Not at all, no. Knowing the condition of affairs at the time, and the conditions on the docks at Quebec, and the awful haste there was all through, I am quite of the opinion that these things have got to England as ships' baggage.

Sir CHARLES DAVIDSON: How many ships were being loaded then?

The WITNESS: Something over thirty, in between the 26th of September—I am speaking from memory—and the 10th of October. I think they loaded something like 35 vessels with about 35,000 men and all the stores and baggage and horses.

Sir CHARLES DAVIDSON: How many horses?

The WITNESS: 7,000 horses, I dare say. There was an enormous quantity of stores; some of the ships took horses alone.

Sir CHARLES DAVIDSON: In one sense it does show how closely these goods were looked after, in view of the fact that this small shipment was noticed.

Mr. BROWN: Yes, sir. These bills could not pass without some voucher for the receipt.

Col. HALICK: I was responsible, and I would like to speak with regard to that. I was responsible at the time and we received an enormous lot of stores at Valcartier camp, as many as two or three trainloads per day, with as many cars as the engines could draw. I would have to unship them in and then ship them out to the troops and from the 1st to the 8th of October I trans-shipped back again to ordnance depots all over the country, besides seven or eight thousand tents standing in Valcartier camp, and I think this is about the only questionable account we have. We were able to trace up everything else, these we never got any trace of.

Sir CHARLES DAVIDSON: And I suppose the details of each shipment would run into the thousands?

Colonel HALICK: Yes, sir, into tens of thousands, and this was the only thing there was at all a question about.

Sir CHARLES DAVIDSON: It is highly creditable to you.

The witness retired.

Lieutenant-Colonel S. G. BECKETT, officer commanding 75th overseas battalion, sworn:

Examined by Mr. Thompson, K.C.:

Q. Were you in the militia in August, 1914?—A. Yes, sir.

Q. What corps were you in?—A. The 9th Mississauga Horse.

Q. I understand that the 9th Mississauga Horse was in camp in August, 1914?—A. Yes, sir.

Q. Do you know approximately what date?—A. I have not refreshed my memory with regard to this, it must have been about the beginning of September we went to camp.

Q. I understand that the regiment had some horses when they went to camp or shortly afterwards?—A. Yes.

Q. What was your rank in the Mississauga Horse at the time?—A. I was the second in command of the 9th Mississauga Horse. Colonel Gordon was in command. He is now at the front with the 4th Canadian Mounted Rifles.

Q. Will you tell me whether the horses were provided by the Government or otherwise?—A. We had two lots of horses. The city of Toronto gave us 50; and they gave the Governor General's bodyguard 50; and Colonel Cox gave us 50.

Q. You use the word "gave"?—A. Yes, sir, gave, presented.

Q. Did these horses become the property of the regiment?—A. They became the property of the regiment—I could qualify that by saying that they were afterwards handed back, but they were presented to the regiment to take with us, if we had gone to the front as a cavalry unit, as was our intention.

Q. Did Colonel Jarvis give one of the regiments 50 horses?—A. I have not heard he did, I do not know.

Q. You say this was a qualified gift from Mr. Cox to your regiment?—A. I qualified my statement because the horses were afterwards taken back, but that was because the whole scheme for the Mississauga Horse to go as a unit fell through. If we had gone as a unit, as was the intention, no doubt the horses would have gone with us.

Q. How long were you in camp?—A. We remained there as long as the good weather lasted. I think it was early in October that we moved from Long Branch camp into the exhibition grounds.

Q. What became of the horses?—A. The horses remained there.

Q. Where?—A. They came with us from Long Branch into the live stock building, and from the live stock building, when we heard from Ottawa that we were not to be allowed to go as a unit, the horses were handed back.

Q. Handed them back to the city of Toronto?—A. Yes, and to Colonel Cox.

Q. Did Colonel Cox call for them?—A. I cannot say, I was not there.

Q. Was that the only reason they were handed back?—A. Absolutely.

SIR CHARLES DAVIDSON: You might find out from Colonel Beckett, Mr. Thompson, whether his understanding was that they were available for overseas service.

THE WITNESS: That was the absolute intention as regards our regiment.

SIR CHARLES DAVIDSON: Was it a gift to the Militia Department or a presentation to the regiment?

Colonel BECKETT: It was a gift to the 9th Mississauga Horse for overseas service; I was just saying, sir, that I do not know anything what this Commission is about or the object of it, or anything like that—the first I knew of it was when Captain Thompson telephoned me to come down and I came here without seeing any one at all, so that I do not know what the object of this Commission is.

Mr. THOMPSON: The information, Colonel, is this: that Mr. Cox gave a gift of 50 horses, the 50 horses were accepted by the military authorities in Toronto, Sir Adam Beck rejected these horses—

Colonel BECKETT: Sir Adam Beck rejected them; what is the meaning of that?

[Ottawa, Cox Horses—Beckett.]

Mr. THOMPSON: That the rejected horses were eventually sold, that twelve of them were sold to a dealer in Brampton, and by him to the government purchasing agent in Brampton, in Peel county—that is, twelve of the horses which are alleged to have been rejected, and which had been presented to the Government, and accepted by the military authorities, were eventually sold to the government purchasing agent at Brampton and paid for by the Government. The information, according to a statement published by Mr. Cox in a newspaper in Toronto was that he loaned these horses to the Mississauga Horse, that they were not presentations to the Government. Mr. Cox is in California, according to my information, and is not available. I was informed that you were the second in command of the Mississauga Horse, and could state the conditions under which Cox either gave or presented these horses.

Colonel BECKETT: Go over that point by point with me; there are too many points in it for me to answer them all at once.

Mr. THOMPSON: First of all, the information is that Mr. Cox gave to the Government fifty horses.

Colonel BECKETT: That was not my understanding of it. My understanding was that they were given to the 9th Mississauga Horse.

Mr. THOMPSON: Then, that the horses were accepted by the military authorities and were trimmed up and made to look like military horses.

Colonel BECKETT: Made look like military horses?

Mr. THOMPSON: They would be rough-looking horses when they came from the farms, and they would be trimmed up and their manes pulled, and so on.

Colonel BECKETT: Quite so; that was done.

Mr. THOMPSON: Was that done by the military authorities?

Colonel BECKETT: That was done by ourselves. We were then in camp. I was in camp at Long Branch the day these horses arrived.

Mr. THOMPSON: Can you state whether the negotiations were between Mr. Cox and the commanding officer of the 9th Mississauga Horse, or between Mr. Cox and the military headquarters in Toronto?

Colonel BECKETT: I know nothing whatever of any communication between Colonel Cox and any military authority, except our regiment.

Mr. THOMPSON: What interest did Colonel Cox have in your regiment?

Colonel BECKETT: He is Honorary Colonel of the 9th Mississauga Horse.

Mr. THOMPSON: Did he have any conversation with you or with Colonel Gordon about these horses?

Colonel BECKETT: With Colonel Gordon, not with me.

Mr. THOMPSON: Were you present?

Colonel BECKETT: No, I was present on the day the horses arrived at the camp, and Colonel Cox was there. I spoke to him there.

Mr. THOMPSON: What did he say about the horses?

Colonel BECKETT: I do not remember any definite conversation, but my understanding was that these horses were presented to the 9th Mississauga Horse by Colonel Cox, as a personal gift, and they were brought from his farm at Oakville, and we sent the men from Long Branch to Oakville, and they brought the horses in to the Long Branch camp.

Mr. THOMPSON: Do you know whether subsequently they were rejected by Sir Adam Beck or by Sir Adam Beck's assistant?

Colonel BECKETT: I never heard of it.

Mr. THOMPSON: Do you know whether or not these horses were sound?

Colonel BECKETT: They were good sound horses. They were picked up by Colonel Cox's head man, who is the best horseman in the country, Hughie Wilson selected them and he got a good lot of horses, so far as I am a judge of a horse.

Mr. THOMPSON: And you state that the reason they were returned to Mr. Cox was because the Mississauga Horse did not go to the front as a unit?

Colonel BECKETT: Absolutely; I suppose these horses cost him \$9,000, and I have not the slightest doubt that Colonel Cox lost several thousand dollars in having

to dispose of these horses. It is not the only gift that Colonel Cox has made to our regiment.

MR. THOMPSON: Was there anything that would lead you to think that Mr. Cox was presenting these horses for public service, as distinguished from his personal connection with the 9th Mississauga Horse?

Colonel BECKETT: They were presented for the public service for the 9th Mississauga Horse. These horses were for the use of the 9th Mississauga Horse, if the 9th Mississauga Horse went to the front as a unit.

MR. THOMPSON: They were presented on that sole condition to the 9th Mississauga Horse?

Colonel BECKETT: I do not know that that was definitely mentioned, but that was the understanding. Colonel Cox is always making us gifts; he gave me \$2,000 the other day for the 75th Battalion. If ever the 9th Mississauga Horse wanted money, Colonel Cox has always given it to us. He is the best honorary colonel in the country, in my opinion.

Sir CHARLES DAVIDSON: Have you any vacancies in that corps?

Colonel BECKETT: No, sir, and we need the money.

MR. THOMPSON: I will now read the declaration of John Henry Moss, of the city of Toronto.

MR. THOMPSON read the declaration as follows:

Dominion of Canada, } In the matter of the Royal Commission concerning
To Wit. } arms, munitions and supplies.

I, JOHN HENRY MOSS, of the city of Toronto, in the county of York, Lieutenant-Colonel in the Militia of Canada, and at present officer in command of the 9th Mississauga Horse, do solemnly declare:

1. That shortly after the outbreak of the war in 1914, Lieutenant-Colonel H. D. Lockhart Gordon, who was then in command of the 9th Mississauga Horse, assembled the 9th Mississauga Horse in camp at Long Branch for the purpose of training a regiment, and the regiment remained in camp there and afterwards at the Exhibition Grounds, Toronto, for more than a month. I was attached to the regiment during part of that time.

3. That in order to make immediate provisions of horses for the training of the men, Lieutenant-Colonel H. C. Cox, the honorary colonel of the regiment, purchased at his own expense some fifty horses, which he loaned to the regiment for training purposes, and when the camp was broken up in October, 1914, these fifty horses were returned to Colonel Cox by Lieutenant-Colonel Gordon. These horses never became the property either of the Government or of the regiment, but were simply loaned for training purposes.

4. Lieutenant-Colonel Gordon is now serving with the 4th Canadian Mounted Rifles at the front.

And I make this solemn declaration, conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

Declared before me at the city of Toronto, }
in the county of York, this 24th day of } (Sgd.) JOHN H. MOSS.
February, 1916. }

(Sgd.) Henry J. Wright,
A Commissioner, etc.

MR. THOMPSON: That declaration seems to qualify your testimony a little, Colonel Beckett, because Colonel Moss uses the word "loaned"—they never became the property of the Government or of the regiment.

Colonel BECKETT: I think the way to look at it is this: that they would have been our property had we gone to the front as a unit. That is the idea. Colonel Cox's intention was for us to have these horses to take with us if we went to the front as a

[Ottawa, Cox Horses—Beckett.]

cavalry unit. They were returned to him when it was learned we were not to go as cavalry.

The witness retired.

The Commission adjourned.

OTTAWA, Monday, April 3, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

as Counsel, to aid and assist the Commissioner in this Inquiry.

In consequence of the absence of Mr. THOMAS P. OWENS, Clerk of the Commission, M. M. F. JOHNSTON was sworn as stenographer.

Mr. THOMPSON, K.C.: The matter I will take up this morning is the complaint with reference to the clothing supplied to the Militia Department by the Auburn Woollen Mills Company of Peterborough. I produce the declaration of George Greaves, who makes the complaint, which I will file as Exhibit No. 1—Auburn Woollen Mills.

GEORGE GREAVES, sworn:

Examined by Mr. Thompson, K.C.:

Q. What is your occupation?—A. I am a designer.

Q. Of what?—A. Of woollen cloth.

Q. How many years' experience have you had?—A. About 30 years.

Q. Is your experience confined to Canada?—A. No, Scotland, England and Canada.

Q. How many years have you been a designer?—A. About twenty-five.

Q. Are you a judge of the quality of cloth?—A. Well, I ought to be, from that experience. I have been handling the cloth all the time.

Q. I understand that up until recently you were in the employ of the Auburn Woollen Mills Company, Peterborough?—A. Yes.

Q. How long were you in their employ?—A. Since January, 1907.

Q. And what was your duty in the Auburn Woollen Mills Company?—A. I was a designer.

Q. And, as a designer, did you have any opportunity of ascertaining the quality of cloth that was being made by the Auburn Woollen Mills Company?—A. Yes.

Q. When did your services end?—A. 7th January of this year.

Q. Were you discharged?—A. Yes, sir.

Q. By whom?—A. By Mr. Kendry.

Q. Why did he discharge you?—A. Well, there was no definite reason, but I suppose there was no more designing to do, for one thing.

Q. When did the designing cease, or when did they stop?—A. Immediately after the war contracts commenced.

Q. Was the whole time of the mills devoted to making cloth for the Militia Department?—A. No, there were a few pieces made, but not many, for the outside trade—not much of it.

[Ottawa, Military Cloth—Greaves.]

Q. Is the design for the militia cloth fixed?—A. Yes, after the first pieces are made, there was no more work to do on it.

Q. About what percentage of the output of the mills would be militia cloth? I call it militia cloth: I mean cloth for the Militia Department?—A. Well, I should think 99 per cent, anyway.

Q. Would that apply from the time of the declaration of war?—A. Yes.

Q. As designer, what opportunities did you have for ascertaining the quality of cloth that was made by the Auburn Woollen Mills Company?—A. Well, I could see every process from the raw stock to the finished product.

Q. In all cases?—A. Yes.

Q. Did you see all the cloth that was made by the company from the time of the declaration of war?—A. I might not see it all, but I was among it all the time and seeing the process.

Q. And did you see it in a casual manner, or did you examine the cloth as it was being made?—A. I examined it from time to time.

Q. About how many times?—A. Well, I should say two or three days I looked around to see what was doing.

Q. Were you in the room or rooms where the cloth was actually being made?—A. Yes.

Q. Would your duties take you there for the purpose of examining the cloth?—A. Well, I had not any particular duty, but I had plenty of time and I followed the process out.

Q. Would that apply from the time of the declaration of war up to the time that you left the employ of the company?—A. Yes, sir.

Q. Do you know what quality of cloth the contract with the Militia Department called for?—A. Well, I have not seen the contract.

Q. Or the specifications?—A. No.

Q. Will you look at that specification and read it?

Mr. O'CONNELL: I am going to make an application on behalf of the Auburn Woollen Mills Company, with your permission, to appear on their behalf on this investigation.

Sir CHARLES DAVIDSON: If you file a written application, permission will be granted. It is quite obvious, under the statute, that they are entitled to representation. From my initiatory knowledge of the evidence to be produced, it is quite apparent to me that they should be allowed to be represented.

Mr. O'CONNELL: I think it will assist the investigation.

Sir CHARLES DAVIDSON: Apart from that, the company has the right to be represented.

Mr. O'CONNELL: I will hand in a written application.

Sir CHARLES DAVIDSON: Had you not better call some official from the department, Mr. Thompson, to prove the specification?

Mr. THOMPSON: They do not seem to know. There seems to be some doubt as to what the specifications were. Mr. Burns has handed me this document, and Mr. O'Connell tells me that the specifications which are handed to me were only issued a month ago.

Sir CHARLES DAVIDSON: Have you the official contract and specifications here? Mr. Burns might produce the specifications and contract.

Mr. THOMPSON: Will you produce the specifications or contract with the Auburn Woollen Mills Company, Mr. Burns?

Mr. BURNS: I can produce them.

Sir CHARLES DAVIDSON: You were told to be here with them.

Mr. BURNS: I thought I had them.

Sir CHARLES DAVIDSON: Then you had better go and get them.

Mr. THOMPSON: Here is the order to the Milling Company. You identify this?

Mr. BURNS: Yes.

[Ottawa, Military Cloth—Greaves.]

Mr. THOMPSON: I put in notice to the Woollen Mills Company, dated 23rd June, 1913, inviting tenders for cloth.

Sir CHARLES DAVIDSON: Why can you not go on as regards the general quality of cloth, and then afterwards produce the contract and specification.

Mr. THOMPSON: Very well, I thought the contract was as per specification handed me by Mr. Burns.

Sir CHARLES DAVIDSON: We can get from Mr. Burns all the papers in due order. How many contracts were there?

Mr. BURNS: There was just one contract and the others were repeat orders.

Sir CHARLES DAVIDSON: Have you the specifications there?

Mr. THOMPSON: That is something I cannot ascertain just at present. Apparently the first contract demanded cloth as per sealed pattern. A month ago, it called for tenders according to specifications; so that, apparently—and I have spoken to my learned friend about it—the question will turn on whether the cloth supplied is as per sealed pattern.

Mr. O'CONNELL: On whether we kept our contract.

Sir CHARLES DAVIDSON: Have you the sealed pattern here?

Mr. THOMPSON: Yes. In the meanwhile, I will proceed with the witness, to ascertain the quality of the cloth supplied by the company.

Sir CHARLES DAVIDSON: You can compare it with the sealed pattern and he can found his opinion on the sealed pattern. You can call him to produce it *pro forma*. You can get the contract and the sealed pattern and that is all you need. You can get the complete order later.

Mr. THOMPSON: Will you produce the sealed pattern, Mr. Burns.

Mr. BURNS: Yes.

CHARLES BURNS, assistant director of contracts, Militia Department, sworn:

Examined by Mr. Thompson, K.C.:

Sir CHARLES DAVIDSON: What official position do you hold?

The WITNESS: Assistant Director of Contracts.

Sir CHARLES DAVIDSON: Since when?

The WITNESS: Since March, 1912.

By Mr. Thompson, K.C.:

Q. Will you produce the sealed pattern under which the Auburn Woollen Mills Company was supplying cloth to the Militia Department?—A. This is it, sir.

Q. Can you take it out of the book?—A. No, it is No. 33; we require this. The contract consists of this order.

Q. Do you require to use this?—A. Not for some days; I have a duplicate of that book.

Q. Sir CHARLES DAVIDSON: How do you identify that?

The WITNESS: It is No. 33.

By Mr. Thompson, K.C.:

Q. At the back of 33?—A. Yes.

Q. Have you the call for tenders, or the notice you sent out?—A. I have a copy of it there.

Q. "Tenders are being invited" that is the first thing?—A. These documents go together.

Sir CHARLES DAVIDSON: This cloth is for overcoating?

The WITNESS: Yes, sir, all of it.

By Mr. Thompson, K.C.:

Q. What is this document?—A. This is the letter accompanying the form of tender.

Mr. THOMPSON: I put in a letter from Charles Burns, dated 23rd June, 1915, calling for tenders, accompanied by a form of tender. I then put in as Exhibit 4 a notice by H. W. Brown to the Auburn Woollen Mills Company, calling on them to supply a certain amount of cloth. As I understand it, there was one contract and several repeat orders, and the documents I have put in are similar to all the others; they are all similar?

The WITNESS: They are carbon copies of the order given the Auburn Woollen Mills Company.

Sir CHARLES DAVIDSON: You put in a carbon copy of the subsequent orders?

The WITNESS: I have a number of them here.

Mr. THOMPSON: Is there any question about that?

Mr. O'CONNELL: With my learned friend's permission, I was going to make an explanation to the Court. The contract apparently rises in this way: taking their letter, which has been put in as an exhibit—"Tenders are being invited for supply of frieze, drab, etc., as specified in the accompanying form of tender," then accompanying that is the other exhibit, which has been put in. That is the document referred to in the letter asking for the tenders, as specified in the accompanying form of tenders, and then you will observe this goes on to say: "Each piece to contain not less than 45 yards," and so on, frieze drab, and the quantities. "Tender: the Auburn Woollen Mills Company hereby offer to supply His Majesty the King, hereinafter called the Minister, the articles mentioned in the schedules given below, and to deliver the same at the inspection rooms in Ottawa, at the prices marked opposite the names," and a number of other matters which are not very pertinent to this contract. Having received this first request for tenders and the accompanying specifications, they accepted.

Sir CHARLES DAVIDSON: Where is the schedule?

Mr. O'CONNELL: It is endorsed on the back.

Sir CHARLES DAVIDSON: That does not state the quantity they tender for.

Mr. O'CONNELL: No, and the department orders from week to week on these and so on, and then it refers to the delivery, so much a week.

Sir CHARLES DAVIDSON: That is not the total quantity?

Mr. O'CONNELL: No, and the Department orders from week to week on these tenders the quantities they require, and in that manner the contract arises, but these are the two contracts that constitute the order, and it is determined from time to time by correspondence.

Sir CHARLES DAVIDSON: And these are repeat orders?

Mr. THOMPSON: That would be the condition up to the time the new specifications were prepared.

Mr. O'CONNELL: Prepared some few weeks ago, which were never authorized or accepted by the manufacturer as part of the contract.

The witness retired.

GEORGE GREAVES, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Q. Would you describe the quality of the cloth made by the Auburn Woollen Mills Company?—A. It was composed of about fifty per cent of shoddy and the balance of wool.

Q. What is shoddy?—A. It is produced from tearing up woollen cloth, and may be old cloth, old garments, or new clippings.

Q. Is there any foreign substance in it, or is it composed entirely of wool?—A. Sometimes there is a little cotton in it, that comes from the thread in the garment and the lining in the old garments.

Q. How does the lining from the garments get into the shoddy?—A. The whole garment is torn up together.

[Ottawa, Military Cloth—Greaves.]

Q. By a mechanical process?—A. Yes.

Q. So that if you take a good woollen coat and separate the fibres in the manner you have described, and then manufacture the product into wool, would that be a shoddy?—A. Yes.

Q. Are there various qualities of shoddy?—A. Yes, depending on whether the cloth has been worn, or whether it is new clippings.

Q. Supposing it has been worn, what sort of shoddy is that?—A. It would be a poor quality of shoddy.

Q. Supposing it was wool clippings, what quality of shoddy would it be?—A. It might be called a superior quality.

Q. And supposing there is some cotton in it, what quality of shoddy is that?—A. Well, when there is cotton in it, that is usually a poor quality.

Q. What is the objection to using shoddy in the wool garment?—A. Well, the fibres are short, and the felting property is deficient?

Sir CHARLES DAVIDSON: The what?

The WITNESS: The felting property is deficient, and the cloth produced would not be as strong as from all wool.

By Mr. Thompson, K.C.:

Q. Is there a difference in the wearing quality?—A. Certainly.

Q. A very great difference, or a small difference?—A. Great difference.

Q. Was there any shoddy used in the Auburn Woollen Mills in the manufacture of cloth for the Militia Department?—A. Yes.

Q. About what percentage of shoddy?—A. About fifty per cent.

Q. Do they make their own shoddy?—A. No, sir.

Q. They do not?—A. No.

Q. Where do they get it?—A. I suppose they get it from various sources, but Smiths, in Toronto, supply a good lot.

Q. How much do they supply?—A. I could not say that.

Q. Do you know approximately?—A. No, I do not know approximately.

Q. What weight of cloth was called for by the contract?—A. Thirty-two ounces.

Q. And do you mean to say that sixteen ounces of that was shoddy?—A. Yes, sir.

Q. What is the difference in the prime cost of shoddy and whole wool or all wool, or whatever the best material is called?—A. Well, I do not know just at present, but in ordinary times the shoddy would be about a fourth of the wool.

Q. In a yard of cloth, what would that amount to in normal times?—A. Do you mean the cost of the cloth?

Q. The prime cost to the manufacturer; what would be the difference in the amount he would pay for his material to make into a yard of cloth if he put all wool or whole wool, or whatever the proper description is, or, on the other hand, if he put fifty per cent shoddy and fifty per cent good wool?—A. The shoddy in normal times would probably cost a little over ten cents a pound.

Q. And what would good wool or whole wool cost?—A. It might be forty-five.

Q. Do you mean to say the manufacturer would save about thirty cents a yard in his material if he put in shoddy?—A. Yes.

Q. If you were a purchaser purchasing cloth from the Auburn Woollen Mills Company, what would be the difference in price between cloth made from good wool and cloth which had half shoddy and half wool?—A. I do not know the price to-day.

Q. What would it be in normal times?—A. Well, say about a dollar and a dollar fifty.

Q. One would be about a dollar, and the other about a dollar and a half?—A. Yes.

Q. So that there would be fifty cents difference per yard between the good cloth and the inferior quality?—A. Yes.

Q. If you added thirty cents per yard, being the difference between cloth that was made out of good wool and cloth which was half shoddy, you would get a difference of about 80 cents per yard, would you not?—A. I do not think it would be so much.

[Ottawa, Military Cloth—Greaves.]

Q. How much would it be? 75 cents? Do you understand what I want to get at? If a manufacturer was getting a certain price for cloth made out of good wool, and the same price for cloth made out of half shoddy, the net gain to him would be about 80 cents, according to your statement?—A. The cost of manufacturing would be the same.

Q. And he would save, as I understand it, 30 cents on the material, where he made the cloth out of half shoddy?—A. Yes.

Q. And if he could get an innocent customer to buy his cloth, which was half shoddy, and pay the same price for it that another man would pay for all wool, or good wool cloth, he would make an additional profit of 80 cents all told?

Sir CHARLES DAVIDSON: How would he make the 80 cents?

Mr. THOMPSON: 50 cents and 30 cents on the difference in prime cost of the material. That 50 cents would be the amount which the innocent purchaser would pay for half shoddy over and above what he might reasonably be expected to pay. For instance, let us take a specific case. Supposing cloth, made out of good wool, is two dollars a yard, and a manufacturer can sell half shoddy at two dollars a yard, then, if he makes a profit out of good wool at two dollars a yard he makes an additional eighty cents per yard out of the half shoddy. It follows from this witness's statement as to the difference in cost of the materials.

Sir CHARLES DAVIDSON: Do you grasp that?

The WITNESS: I grasp that the extra profit that they would make would be the difference between the price of sound wool and the price of shoddy.

By Mr. Thompson, K.C.:

Q. That is 30 cents?—A. Yes.

Q. That is the difference to the manufacturer?—A. Yes.

Sir CHARLES DAVIDSON: I thought he said more than that.

Mr. THOMPSON: He said 30 cents, and he said the difference in the real intrinsic value of the good wool cloth at 32 ounces and the half shoddy cloth at 32 ounces would be 50 cents a yard?

The WITNESS: About that.

Sir CHARLES DAVIDSON: He said that good wool was worth 45 cents a pound and shoddy 10 cents.

Mr. THOMPSON: That would be 35 cents per yard.

The WITNESS: Yes, in normal times.

Mr. THOMPSON: I was just marking it down a little lower to the manufacturer.

Sir CHARLES DAVIDSON: It costs four times as much.

By Mr. Thompson, K.C.:

Q. And the difference in the sale price would be about 50 cents a yard?—A. Yes.

Q. Then that would be 80 cents; we need not follow it any closer, it may not be of any importance.

Sir CHARLES DAVIDSON: He would make a total profit of 80 cents.

Mr. THOMPSON: 80 to 85 cents over and above his ordinary profit on good wool cloth.

Sir CHARLES DAVIDSON: Do you concur in that?

The WITNESS: No.

Sir CHARLES DAVIDSON: What is his extra profit on 50 per cent shoddy?

The WITNESS: The extra profit would be the difference—

Sir CHARLES DAVIDSON: Take this cloth that is supplied to the Militia Department, and granted it is shoddy, what additional profit per yard would the manufacturer make?

The WITNESS: About thirty cents.

By Mr. Thompson, K.C.:

Q. Per yard?—A. Yes.

Q. How do you work that out?—A. That is the additional profit, because it is 50 per cent shoddy.

[Ottawa, Military Cloth—Greaves.]

Q. Supposing he sold the shoddy at the same price he was getting for good wool cloth, whatever the description is?—A. He would get his ordinary profit and thirty cents besides.

Q. I cannot follow that, I assure you. His ordinary profit, as I understand it, would be as follows: good wool is worth \$2 a yard, and shoddy would be worth about \$1.50—in that proportion?—A. No, sir.

Q. What is good wool cloth like this worth, what do you pay for it?

Mr. O'CONNELL: 70 cents a pound.

Mr. THOMPSON: That would be \$1.40. I am told it works out \$2.50 a yard. If good wool cloth is sold on the market at \$2.50 a yard, what would cloth 50 per cent shoddy call for on the open market?—A. It might be worth a dollar.

Q. That would be \$1.50 additional profit to the manufacturer on shoddy, if he was able to sell his shoddy cloth at \$2.50 a yard; that would be \$1.50. Well, I cannot follow you at all, I confess. What quality of shoddy was there in the cloth manufactured by the Auburn Woollen Mills Company?—A. The quality varied from time to time.

Q. And what was the best quality of shoddy they put in?—A. The best was just a medium shoddy.

Q. Worth about how much a pound?—A. I could not tell you what they paid for it now, but in ordinary times about ten to fifteen cents a pound.

Q. And what would wool be worth in ordinary times?—A. That quality of wool would be about 45.

Q. And you say about 50 per cent of shoddy went into all the cloth made by the Auburn Woollen Mills Company?—A. Yes.

Q. You are perfectly certain about that?—A. Yes.

Q. Did you see any shoddy which contained cotton?—A. Yes, lots of it.

Q. How often?—A. About three periods, when there was a great lot of cotton specks in cloth.

Q. What would cotton specks in cloth indicate?—A. You might infer that the shoddy had been made from old garments.

Q. Are you sure that that was the case?—A. Yes.

Q. And about how many yards of cloth contained cotton specks?—A. I could not tell you how many; there might be a thousand.

Q. About how many yards altogether?—A. More than that.

Q. About how many yards altogether were made by your company?—A. I do not know, sir.

Q. I refer to the Auburn Woollen Mills Company, about how many yards?—A. I could not tell you.

Q. How many were supplied to the Militia Department?—A. There might be 500,000, and there might not be so much.

Q. And do you say there was shoddy in all of it?—A. Shoddy in all of it.

Q. And the average would be about 50 per cent shoddy?—A. Yes.

Q. And some was good shoddy and some poor shoddy?—A. Yes.

Q. I understand that when cloth is made of shoddy, or has a fair percentage of shoddy in it, it has to be treated in some way to make it "look respectable"?—A. When there is a large quantity of shoddy in it, the cloth has a flimsy handling, like an old stocking.

Q. Do you mean that it is thin?—A. Yes.

Q. Limp?—A. Limp, and in order to stiffen it up a little they apply flour in the finishing process.

Q. Unleavened flour?—A. Ordinary flour, made into a paste.

Q. Was any such paste used by the Auburn Woollen Mills Company?—A. Yes, used right along in all the overcoats.

Q. In all the batches that were made?—A. In all the overcoatings.

Q. And is such a paste used where the garment is made of good wool?—A. No, it is not necessary.

Q. But is it used?—A. I never saw it used.

Q. You have never seen it used?—A. No.

Q. Never at any time?—A. No.

Q. Not where it is made of good wool?—A. No.

Q. And when I used the phrase "good wool," I mean wool cloth made entirely out of wool without shoddy; I do not know what your technical phrase is.

Sir CHARLES DAVIDSON: Can he produce a sample of what he calls good wool and shoddy?

By Mr. Thompson:

Q. Have you any shoddy here?—A. I have a sample which came from the Auburn Woollen Mills Company.

Q. Let me see it please?

Sir CHARLES DAVIDSON: I would like to see the shoddy before it is made up, in its original form.

The WITNESS: This is a sample of it.

Sir CHARLES DAVIDSON: Where did you get this material?

The WITNESS: From John Bentley.

Sir CHARLES DAVIDSON: Who is he?

The WITNESS: He was manager in the mill up to last December.

Mr. O'CONNELL: I do not suppose my learned friend will put that in without examining Bentley.

Mr. THOMPSON: I will prove that later.

Mr. O'CONNELL: If my learned friend undertakes to prove that this came from the proper course, all right. He cannot prove it by this witness.

Sir CHARLES DAVIDSON: That is all right.

By Mr. Thompson:

Q. At any rate, whether that came from the Auburn Woollen Mills Company or not, is it wool or shoddy, or what is it?—A. It is a good quality of shoddy.

Sir CHARLES DAVIDSON: When did you receive that, and where?

The WITNESS: On Monday, the 27th of last month.

By Mr. Thompson:

Q. Where?—A. At the home of Mr. Bentley.

Q. In Peterborough?—A. Yes.

Q. How does this material before us compare with the shoddy which you say was used by the Auburn Woollen Mills Company?—A. In my opinion, it is better shoddy.

Sir CHARLES DAVIDSON: Have you a sample of proper wool with you?

The WITNESS: No.

Sir CHARLES DAVIDSON: Can you get it?

The WITNESS: No, there are no means of getting it.

Sir CHARLES DAVIDSON: Can you not get it during luncheon hour?

The WITNESS: I do not know where I could get it.

Sir CHARLES DAVIDSON: Irrespective of Auburn Woollen Mills, samples of such wool as are called for by that sample?

The WITNESS: No.

Mr. THOMPSON: I have asked the witness whether he could get some good wool before it is made up, and he said he could not get it in the city, but he could produce the cloth.

By Mr. Thompson:

Q. You can buy some yarn?—A. Yes.

Sir CHARLES DAVIDSON: I want to see the yarn.

The WITNESS: It is yarn after it is spun.

Sir CHARLES DAVIDSON: I want a sample of the yarn or wool they put into cloth that is not shoddy, can you get that?

[Ottawa, Military Cloth—Greaves.]

The WITNESS: I do not know where to get it in Ottawa.

Sir CHARLES DAVIDSON: Can you get it elsewhere?

The WITNESS: I do not know any place around here.

Sir CHARLES DAVIDSON: Will you try and get it?

The WITNESS: Yes.

By Mr. Thompson:

Q. Do you say that that process of applying paste was used from the beginning?

—A. That is from the beginning of the war orders, yes.

Q. And that it is never used where the material is made of good wool?—A. I have never seen it used; it would not be necessary.

Q. Why did you not give information about this at an earlier date?—A. This thing was done so openly from the first that I did not think there was any fraud and by and by, when I began to suspect fraud, I tried to get away from it.

Q. When did you first begin to suspect fraud in it?—A. Last November or December.

Q. What made you begin to suspect fraud in November or December last?—A. Well, seeing so much graft in other lines of industry.

Q. In what other lines did you see there was graft?—A. About binoculars and drugs.

Q. Did that make you suspicious about the cloth?—A. Yes, I thought it might be so in the woollen goods.

Q. Why did you wait from November or December until the present time to give this information?—A. Well, I tried to get away from it.

Q. What do you mean by that?—A. I applied for a situation.

Q. With some company other than the Auburn Woollen Mills Company?—A. Yes, sir.

Q. And why did you finally decide to give information about the fraud, as you suggest?—A. Well, I thought it was a duty I owed to give this information, in order to protect the Government.

Q. Was that after you failed to get a situation some place else?—A. Well, I was prevented from getting a situation.

Q. By whom?—A. Mr. James Kendry.

Q. How do you know?—A. He told me himself.

Q. When?—A. On the 7th of January.

Q. 1916?—A. 1916.

Q. Did he say why he prevented you getting a situation?—A. No, he did not.

Q. Do you know why he prevented you getting one?—A. I could not say why he should do it.

Q. But he told you he had done so?—A. Yes.

Q. Here is the specification attached to sample 33 in the year 1912: "Dye, fast colour"—what is meant by that?—A. A colour that won't come out in milling, in scouring, reasonably fast.

Q. Was the cloth made by the Auburn Woollen Mills Company fast in colour?—A. Yes, I have no reason to suppose it was not fast in colour.

Q. And the next specification is "woven plain"—what does that mean?—A. It may be a plain twill.

Q. Was this woven plain—the cloth in question?—A. Yes.

Q. "Width, 58 inches"—was it 58 inches in width?—A. It was finished 58 inches.

Q. What do you mean by that?—A. After the last process the width was 58 inches.

Q. "Weight per yard of 36 inches, 32 to 33 ounces"—was it 32 to 33 ounces?—

A. Yes.

Q. Does that mean 32 to 33 ounces per yard?—A. Yes.

Q. Would that count in the paste or count out the paste?—A. That was in the finished state.

Q. How much paste would be in a yard of 36 inches?—A. There might be—it would not be possible to tell—there might be an ounce.

Q. Would it weigh from 32 to 33 ounces finished?—A. Yes.

Q. “N.B.—This pattern tests as follows: counts threads per half inches: warp 19”—that would be about right?—A. Yes.

Q. What is warp?—A. The thread that goes lengthwise of the piece.

Q. What does 19 mean?—A. 19 threads per half inch.

Q. And what does 19 weft—what is weft?—A. The weft is the thread that goes across the piece.

Q. What does 19 mean?—A. 19 threads per inch, if it says per inch.

Q. It simply says “19”?—A. It would be 19 per inch.

Sir CHARLES DAVIDSON: Per half inch?

The WITNESS: Does it say per half inch.

By Mr. Thompson:

Q. Yes, it says per half inch: “Tests per Goodbrand and Holland machine, six and five-eighths inch by nine inch gauge”—what does that mean?—A. It means the tearing strength of the cloth.

Q. As tested on this machine that has just been mentioned?—A. Yes.

Q. Is there such a testing machine at the Woollen Mills?—A. Yes, but I do not think it is the same machine mentioned here.

Q. Goodbrand & Holland is the machine mentioned here; what is the machine at the company’s office?—A. I do not know the make of the machine, but it does the same work.

Q. Was the cloth all tested with that machine?—A. I could not say.

Q. It might have been?—A. It might have been.

Q. Strength is the next specification “Warp 600 pounds”—what does that mean?—A. It means this cloth would stand a pull of 600 pounds before it would be torn.

Q. And the weft 550 pounds. Does that mean the tearing strength of the weft 550 pounds?—A. Yes.

Q. “Elasticity, warp $2\frac{1}{2}$ inches”—that means it will stretch that?—A. Yes, before it will tear.

Q. And “weft $2\frac{1}{2}$ inches” means the same thing?—A. Yes.

Q. Per yard?—A. No, the size mentioned there.

Q. Six and five-eighths by nine inches?—A. Yes.

Q. If we tested some of this cloth on Goodbrand & Holland’s machine, would it stand that strain if it was half shoddy?—A. I would not expect it to do so.

Q. Would you expect it to do so if it was made of good wool?—A. Yes.

Q. Would that, therefore, be some test as to whether what you say is correct or not?—A. Yes.

Q. What test can we apply to their cloth to ascertain whether it has been coated with paste, as you suggest?—A. I do not know any test; it would require a chemical test for that, I should think.

Q. To ascertain whether there is any paste in it?—A. Yes, sir.

Mr. THOMPSON: I will ask this witness to step down for a few minutes, and I will call Mr. Baxandall now.

The witness retired for the present.

ALBERT BAXANDALL, clerk for John M. Garland & Company, Ottawa, sworn:

Examined by Mr. Thompson, K.C.:

Q. What is your occupation?—A. Clerk for John M. Garland & Company.

Q. Wholesale woollen merchants?—A. Wholesale dry goods.

Q. And carry on business in a large way?—A. In a large way.

[Ottawa, Military Cloth—Baxandall.]

Q. What is your specific work in that company?—A. In the woollen department.

Q. And would you call yourself an expert on wool?—A. No, I would not call myself an expert.

Q. How close would you come to being an expert?—A. I would not style myself an expert on wool at all; in a general way, in the trade we handle it; I just pass on certain things, but I am not an expert on the construction of cloth.

Q. Are you the employee of John M. Garland & Company, who passes on the quality of material?—A. I do, sir.

Q. How many years' experience have you had?—A. I have had about twenty years' experience in the business.

Mr. O'CONNELL: This young man evidently is called as an expert to give opinion evidence. He is not speaking as to facts, but simply expressing his opinion as an expert, and he has not qualified for that evidence yet. In an important case of this kind, it is necessary, I should think, as far as the rules of evidence are concerned, that they should be observed with a witness of this character. It requires considerable skill and judgment to determine the composition of shoddy cloth. A man called as an expert in that should be able to qualify. I submit this witness has not shown by his evidence that he is qualified.

Sir CHARLES DAVIDSON: Perhaps we had better have the question put.

Mr. THOMPSON: He is an employee in one of the largest wholesale companies.

By Mr. Thompson:

Q. Did you examine sample No. 33?—A. Yes, sir.

Q. Which I showed to you?—A. Yes.

Q. How does that compare with the three samples of cloth?

Sir CHARLES DAVIDSON: Do you object to that?

Mr. O'CONNELL: That is just the very point I raised. He says he is not an expert, and he is called upon now to give an opinion as to the cloth. If he were speaking as to a fact, there would not be any serious objection, but he is giving expert evidence.

Mr. THOMPSON: Perhaps he misunderstood what I meant by an expert, and perhaps if he describes his knowledge of cloth, you may come to the conclusion that he is an expert, but personally I do not know whether he is or not.

The WITNESS: If you ask me how much cotton there is in it, there may be a percentage, but I could not tell you; it would require experts to do it. My duty is, I have to pass the cloth. If it is anything reasonable, I simply pass it on; but to tell you as to the warp and the quality of the yarn, that should have been put in, I could not tell you.

By Mr. Thompson:

Q. I just ask you generally whether the samples of cloth before you are of as good a quality as cloth called for by the specification No. 33?

Mr. O'CONNELL: That brings up another aspect of it. The real question in this case is as to the using of this shoddy and the question as to the difference in the quality of the cloth does not matter. One can readily understand in the process of manufacture there may be cloth produced of varied quality. It would be almost an impossibility, I should think, for the manufacturer to produce a uniform quality throughout, as long as it is substantially in conformity with the specification—

Sir CHARLES DAVIDSON: That is another feature of the case. Where do these samples come from?

Mr. THOMPSON: From the Contracts Branch.

Sir CHARLES DAVIDSON: You propose to prove these are from the Contracts Branch?

Mr. THOMPSON: I wrote the Contracts Branch as soon as the information was given me, and asked them to produce samples and batches of all cloth supplied by the
[Ottawa, Military Cloth—Baxandall.]

Woollen Mills Company, and Mr. Burns produced in court the samples which are before you, and informs me that all the other cloth has been made into overcoats, and it is now impossible to trace the identity of the cloth after it has once been made into overcoating; and the question is, whether the samples before the witness are of as good quality as specification No. 33, the sealed pattern.

Sir CHARLES DAVIDSON: Have you an experience which enables you to speak of it?

The WITNESS No. I would not speak as to that.

Mr. THOMPSON: I suggest that the Commission adjourn until two o'clock. There is a witness from the United States, and I desire to take his testimony after luncheon, so that he may be able to take the afternoon train.

The Commission adjourned until two o'clock.

After adjournment.

GEORGE GREAVES, already sworn:

Recalled:

Examined by Mr. Thompson, K.C.:

Q. Referring to the coating of paste which you say was put on cloth made of shoddy to give it a firm appearance, would it be possible for the inspector to detect the presence of such a coating of paste?—A. No, I do not think it would.

Q. And does the treatment of cloth with such a coating of paste affect its wearing quality?—A. I do not think it would wear better for it.

Q. Would it wear any worse for it?—A. No, I do not think it would.

Q. So that the only effect of the paste is to give it a firm handling?—A. Yes.

Q. And would a person who did not make a close analysis of the cloth be deceived then, and consider that the firmness of the cloth was due to the fact that it was made of good wool?—A. Yes.

Q. Look at sample No. 33, the sealed pattern, and tell me whether you consider sample No. 33 has any shoddy in it, and, if so, how much you consider it has?—A. My own opinion is that there is no shoddy in it.

Q. No shoddy in sample No. 33, which is the sealed pattern?—A. No.

Q. Will you look at the sample which I now hand you, and which will be exhibit 5, and tell me whether you consider exhibit 5 has any shoddy, and about what proportion, if it has any?—A. Yes, this contains shoddy.

Q. Are you prepared to say what quantity of shoddy it has?—A. Well, it would be hard to tell the proportion, but I would judge about fifty per cent shoddy.

Q. And what quality of shoddy does it possess?—A. Well, I should think it would be a fairly good quality of shoddy.

Q. Is there any cotton in it that you described this morning?—A. Well, it is easy to pick out the cotton; that is not anything to complain of.

Q. You point to a few little specks and you say there is nothing to complain of?—A. No.

Q. Do you say those specks are cotton specks?—A. Yes.

Q. Does that indicate the presence of cotton, or would you say that was simply an isolated piece of cotton in this material?—A. I would say it came from the shoddy.

Q. Would that indicate about how much cotton there was in the shoddy?—A. Well, in this case, there would be very little.

Q. Will you take another sample, which I call exhibit No. 6, and examine that exhibit and tell me whether you find any shoddy or not?—A. This contains shoddy too.

[Ottawa, Military Cloth—Greaves.]

Q. Do you say that it has a large percentage or smaller percentage of shoddy than exhibit 5?—A. I would judge about the same as the other.

Q. Do you detect the presence of any cotton in exhibit 6?—A. There are a few specks, not much.

Q. About what percentage of cotton?—A. It is not appreciable, just a few tiny specks.

Q. Look at this sample, exhibit 7, and tell me what shoddy, if any, there is in that?—A. About the same as the others.

Q. And what do you say as to sample exhibit 8?—A. That is the poorest one in the bunch.

Q. Exhibit 8 is the poorest one of all?—A. Yes.

Q. Do you detect any cotton in exhibit 8?—A. Just a speck or two.

Q. Not an appreciable quantity?—A. No.

Sir CHARLES DAVIDSON: What as to appearance of these samples, 5, 6, 7 and 8, as contrasted with the sealed sample?

The WITNESS: Do you mean the difference in the appearance?

Sir CHARLES DAVIDSON: Yes.

The WITNESS: Well, I think the sealed sample is the better.

By Mr. Thompson:

Q. Could you tell that there is shoddy in these samples by merely looking at them?—A. By taking the fibre.

Q. But by merely looking at them, from the appearance merely?—A. No, I would not like to say that.

Q. What have you done in order to form your judgment?—A. On the number and length of the fibres.

Q. You tore them?—A. I took out a thread of each.

Q. You tore a strip off each?—A. Yes, and judged the number of short fibres in it.

Q. Could a non-expert detect that there is this alleged shoddy in the specification you have seen?—A. No, I do not think he could.

Q. Does shoddy make the cloth any thicker or thinner?—A. No.

Q. Same thickness?—A. Same weight of cloth, it would be the same.

By Mr. O'Connell:

Q. When did you commence work for Mr. Kendry for the Auburn Woollen Mills Company?—A. I think it was in February, 1907.

Q. And were you continuously employed there up to the time that you left some months ago?—A. Yes.

Q. When did you leave?—A. On the 7th January this year.

Q. What position did you engage for when you went there first?—A. Designer.

Q. And I suppose you remained as designer up to the day you left?—A. Yes.

Q. It is a regular woollen mills, I suppose?—A. Yes.

Q. And previous to the getting of the contracts for the militia cloth they manufactured all kinds of cloth?—A. Yes.

Q. And cloths of different patterns, I suppose?—A. Yes.

Q. The patterns of which you designed?—A. Yes.

Q. Is that right?—A. Yes.

Q. You designed the patterns that were necessary for those clothes?—A. Yes.

Q. What was the month in which you say you left?—A. January, January last.

Q. How did you come to leave?—A. Well, I was discharged.

Q. By whom?—A. Mr. Kendry.

Q. Kendry, senior?—A. Yes.

Q. When did the firm commence to work on the militia cloth contracts?—A. Well, I could not say the date, but it was immediately after the war broke out.

Q. The war broke out in this country, or the Empire, about August 4, 1914—would it be shortly after that?—A. Very shortly after that.

Q. A month—did they commence to work upon the khaki cloth a month afterwards?—A. I would say it was within a month.

Q. For the Canadian Government?—A. Yes.

Q. Did they have a contract for the British Government before that?—A. I could not tell you.

Q. You do not know?—A. No.

Q. But, in any event, you know they commenced to work on the khaki for the Canadian Government about a month after the war broke out?—A. Yes.

Q. Did they commence then to use this wool stock, which you are calling shoddy, at that time?—A. In the overcoating, they began to use it.

Q. They commenced then about a month after the war broke out to use, if you will permit me, I will call it the wool stock, which you call shoddy? Is it sometimes called in the trade wool stock?—A. I have not heard it called wool stock.

Q. Do you know what wool stock is?—A. It is intended to be pure wool.

Q. You judge wool stock to be pure wool?—A. Yes.

Q. Then did they commence to use this thing which you call "shoddy" from the very first?—A. Yes.

Q. Did they continue to use it continuously until you left?—A. Yes.

Q. In the same quantity throughout, fifty to fifty?—A. Well, it was increased.

Q. What did they start on?—A. They started on about fifty per cent.

Q. Well, it remained about 50 per cent throughout?—A. Lately, they increased it.

Q. You did not mention that this morning?—A. I think I did mention it.

Q. Did they increase the shoddy?—A. Yes.

Q. Latterly—when did they commence to do that?—A. I could not tell you the exact date when they did.

Q. A slight increase?—A. Well, about sixty per cent.

Q. You think it was about sixty per cent?—A. Yes.

Q. You cannot tell me when they commenced to do that?—A. No.

Q. And fifty per cent was altogether too much in your opinion?—A. Yes.

Q. How long have you been in this particular line of business?—A. I have been a designer for about twenty-five years.

Q. Working in England and in this country?—A. Yes.

Q. And after about twenty-five years of experience, I suppose that you consider yourself competent to speak about the proper materials entering into cloth?—A. Yes.

Q. You consider yourself quite competent?—A. Yes.

Q. And you know what materials are requisite to make good cloth?—A. Yes.

Q. So that you are quite competent to say that shoddy is an inferior article in cloth?—A. Certainly.

Q. You told us this morning, it weakens the quality of the cloth, weakens the strength and makes it an inferior quality?—A. Makes it a weaker and inferior cloth.

Q. And you knew from the time that they commenced to use this shoddy that they were turning out weaker and inferior cloth?—A. Yes.

Q. From the time they commenced to use it?—A. Yes.

Q. So that you remained in the firm for about sixteen months after they commenced to use it, with full knowledge of the fact that they were using it, I suppose?—A. I thought they had a license to use it.

Q. Don't answer some questions that you are not asked. You remained there for sixteen months knowing that they were using this thing and turning out a weaker and inferior cloth?—A. Yes.

Q. And you tell us now that you thought that they had a license to use it; is that so?—A. I thought they might have a license to use it.

Q. Did you make inquiries to know whether they had a license to use that or not?—A. No.

Q. When did you discover they had not a license to use it?—A. Well, I did not know till about last December.

[Ottawa, Military Cloth—Greaves.]

Q. You did not discover until last December that they did not have a license to use it?—A. No, and I did not know even then.

Q. What is it you did learn last December?—A. Well, it entered into my mind—

Q. Entered into your mind—what entered into your mind?—A. That they had not a right to use it.

Q. So that the first time it entered into your mind that they did not have any right to use it was in last December—is that right?—A. Yes.

Q. How do you explain that it was so long getting into your mind, after being there about fifteen months or more?—A. Because they started from the first without any concealment.

Q. They started from the first without any concealment?—A. Yes.

Q. And I am asking you now how was it that it was so long percolating into your mind that they had no right to use it, after you had seen them using it for about sixteen months?—A. Well, I say I thought they had a license to use it.

Q. What?—A. I thought they had a license to use it.

Q. You went on for sixteen months thinking they had a license to use it; then suddenly, in the month of December, a suspicion entered your mind for the first time?—A. Yes.

Q. It is very strange that it should take sixteen months to get there—and what time in December did this suspicion enter into your mind?—A. I could not say.

Q. Do you remember having a conversation with Mr. Kendry about your remaining with the firm, in the month of December?—A. No, sir.

Q. You do not?—A. No.

Q. How long did you remain with the firm after you had got a suspicion that they did not have the right to use it?—A. I remained till the 7th of January.

Q. About a month?—A. Yes.

Q. You remained with them about a month after you got the suspicion?—A. Yes.

Q. What did you do then after you got the suspicion, during the time you were with the firm? Did you make any complaint?—A. I tried to get a situation and get away from them.

Q. You tried to get a situation to get away from them?—A. Yes.

Q. So that we have it now, that after about the first part of December you got a suspicion all this was wrong, and tried to get a situation and go elsewhere?—A. Yes.

Q. And until you left you made no complaint to anybody, did you?—A. No.

Q. Complained to nobody?—A. No.

Q. Drawing your salary all the time?—A. Yes.

Q. And from the month of August and September; when they commenced the manufacture of this material, your work as a designer had ceased; there was no more designing for you to do? Had you any more designing to do after they commenced the manufacture of these goods?—A. Very little.

Q. So that, during the sixteen months you were staying with the firm drawing your salary, with little or nothing to do?—A. Very little to do.

Q. And they paid you your wages, I suppose?—A. Yes.

Q. And you rewarded them for that generosity by laying this complaint against them afterwards?

Sir CHARLES DAVIDSON: Do you think this has anything to do with the case?

Mr. O'CONNELL: It shows the motive.

Sir CHARLES DAVIDSON: Do you think the motive has anything to do with it?

Mr. O'CONNELL: It only affects his testimony in this sense, as to the quality of the stuff. If you think that he is moved by improper motive, you can look with more or less suspicion upon his statement as to the quality of the stuff he is testifying in regard to.

Sir CHARLES DAVIDSON: That would be a matter of fact.

Mr. O'CONNELL: Just one or two questions.

By Mr. O'Connell:

Q. When did you first make the complaint?—A. I think it was about the 15th of March.

Q. March last?—A. Yes.

Q. To whom did you make it?—A. I laid the matter before a member of Parliament, Mr. Burnham.

Q. Mr. J. H. Burnham?—A. Yes.

Q. Mr. Burnham knew you were a discharged employee at that time?

Sir CHARLES DAVIDSON: What has this to do with it?

Mr. O'CONNELL: Very well, I will not follow it up.

By Mr. O'Connell:

Q. Would you be good enough to inform the court just exactly—so as to have an understanding—how this process of manufacture is followed up? You first deal with the wool, don't you? You take the wool and blend it?—A. Yes.

Q. With the blending of the wool, of course, you have nothing to do?—A. No.

Q. Your duties are confined entirely to that of designer?—A. Yes.

Q. Then, as I understand, they take these different colours of wool and blend them?—A. Yes.

Q. And then they put them through what is called a picker?—A. Yes.

Q. And with the picker you have nothing to do?—A. No.

Q. And then the next step is putting it through the carding machine, which straightens out the fibre in the wool?—A. Yes.

Q. With that you have nothing to do?—A. No.

Q. You are not familiar with the process in any way?—A. Yes, familiar with all the processes.

Q. And the next after the carding is the spinning of it into yarn?—A. Yes.

Q. With that you had nothing to do while you were engaged in the firm?—A. No more than seeing it done.

Q. And then finally the yarn is spun into the cloth?—A. Yes.

Q. And afterwards it was put through the fulling process, after the weaving of it?—A. The finishing process.

Q. The fulling of it?—A. Yes.

Q. And the sizing of it?—A. Yes.

Q. These are all distinct terms in the work, and I suppose each of the men engaged in these different departments have nothing to do with the others?—A. No.

Q. Is it your business to look after the designing?—A. Yes.

Q. And the carder's business to look after the carding, and so on, throughout the whole process?—A. Yes.

Q. Now, in the blending of the wool, you say there was a certain amount of shoddy put in?—A. Yes.

Q. Which you say is fifty per cent shoddy?—A. Practically.

Q. And how do you know the percentage of that shoddy put in there?—A. Well, I saw by the material laid on the floor, the batches.

Q. You saw the batches laid on the floor?—A. Yes.

Q. And that is how you know it?—A. Yes.

Q. That is the new wool and the shoddy?—A. Yes.

Q. The quality of the cloth, of course, will be affected by that material which you say laid upon the floor; that is, the new wool and the shoddy?—A. Yes.

Q. The final result?—A. Yes.

Q. There are different qualities of wool?—A. Yes, there are many qualities of wool.

Q. Ranging in price, ordinarily, from what?—A. I do not know; it is quite a wide range of prices, according to the fineness of the wool.

Q. Can you give us some idea as to the range of the prices ordinarily—in ordinary times?—A. Well, in ordinary times, the price was from 40 to 60 cents.

[Ottawa, Military Cloth—Greaves.]

Q. The poorest class of wool would be 40 cents and the highest, you think, 60; is that your idea of it?—A. The coarsest class.

Q. The coarsest class would be about 40 cents?—A. Yes.

Q. And the best class would be about 60 cents?—A. Yes.

Q. Is that the extent of the range of the different prices? Would they not be more than that?—A. Well, it depends on the times.

Q. The prices varied at different times?—A. Yes.

Q. Sometimes they might be more and sometimes less?—A. Yes.

Q. That is the difference in the range?—A. Yes.

Q. And I suppose wool of an inferior grade makes an inferior cloth, does it not? Wool of an inferior grade would produce an inferior cloth?

Sir CHARLES DAVIDSON: How could it be otherwise?

By Mr. O'Connell:

Q. That must be so?—A. Yes.

Q. Are there different grades of shoddy?—A. Yes.

Q. Four or five grades of shoddy?—A. Yes.

Q. You can have shoddy, can you not, from all wool garments?—A. Yes.

Q. And that, of course, brought back to its original condition, would be all wool?—A. Yes.

Q. And you got wool from old clothes?—A. Yes.

Q. If you have wool from the new clothes it is much superior to the wool from the old clothes?—A. Yes.

Sir CHARLES DAVIDSON: He has already stated that.

By Mr. O'Connell:

Q. Now, is it not quite possible that if you take this shoddy from absolutely new clips—that is cloth that has never been worn—by a garnetting process back into wool again, you have then a shoddy almost as good as wool, at least of an inferior quality?—A. No.

Q. Why not?—A. Because the fibres are short; they are broken in the chemical process.

Q. Of what? Garnetting?—A. Of tearing the garment.

Q. You think they would be broken?—A. Yes.

Q. And by that means shortened?—A. Yes.

Q. So that the only complaint you would have to make would be that the fibres would be somewhat shorter?—A. No, that is not any complaint.

Mr. THOMPSON: It is the quality of wearing.

Mr. O'CONNELL: It is because the fibre is shorter that the quality of the material is deficient.

The WITNESS: And it is also deficient in felting properties.

By Mr. O'Connell:

Q. What would be the effect of the short fibre upon the wool itself?—A. It would be weaker and not so durable.

Q. Don't they sometimes use short wool in the manufacture of cloth?—A. Yes.

Q. And make good cloth of it?—A. They might make it.

Q. I suppose that the use of this shoddy was simply in the freize, so far as you know?—A. Yes.

Q. It was not used in the other cloth the firm was manufacturing, the tunic, and so on?—A. No.

Q. Were you ever employed in the mills, in the fulling department, working on the fulling?—A. No.

Q. You do not know what is done there?—A. I know the process, that is all.

Q. When the cloth comes from the loom it has to be reduced in length and increased in thickness in the felting process?—A. Yes.

Q. Can you tell me whether in that process it is not serviceable for the cloth to have a certain amount of short fibre as a fulling?—A. I do not grasp the purport of the question.

Q. When you bring your cloth out of the loom to reduce the length and increase the thickness, is it not serviceable to have a certain amount of short fibre, in order to give a fulling to them?—A. It depends on the amount of cloth you are aiming at.

Q. It would be serviceable in some kinds of cloth?—A. Yes.

Q. What kind of cloth?—A. Cloth with a nap.

Q. It would be serviceable in case of cloth with a nap?—A. Yes.

Q. Any other cloth?—A. No other cloth that I know of.

Q. What quantity of shoddy do you think could be used in a cloth, without materially lessening its strength?—A. You could not use any without lessening its strength.

Q. Without materially lessening its strength; what quantity could be used without materially lessening its strength?—A. I would not like to say that.

Q. I suppose you would say you could not use fifty per cent of shoddy without materially lessening its strength?—A. Decidedly.

Q. And fifty per cent of shoddy would have a very material effect upon the strength of the cloth?—A. Yes.

Q. So that the finished article would be, in your opinion, quite weakened?—A. Yes.

Q. There is no doubt about that?—A. No.

Q. And it would go into the market an absolutely inferior article, after using fifty per cent shoddy?— Yes.

Q. You say that even after using fifty per cent of the shoddy, which you say was used in this case, that would produce an inferior article?—A. Yes.

Q. And anybody with experience in the clothing business would be able to detect that fact in the finished article?—A. Yes, the man with experience would.

Q. Any man with ordinary experience would be able to detect the inferiority of that article by ordinary inspection?—A. Not any man.

Q. Any ordinary expert?—A. Yes, an expert would.

Q. And of course a cloth of that kind would not stand the test?—A. I would not expect it to stand the test.

Q. Have you any doubt about it?—A. No.

Q. You have not any doubt that a cloth manufactured in the way you say this was manufactured would not be able to stand the test?—A. Yes.

Q. Do you know that this cloth has, as a matter of fact, been inspected by the department?—A. No, I do not know that.

Q. You do not know that?—A. No.

Q. Do you know what test the department required for the cloth to be produced at that mill?—A. I do not know.

Q. What would you say about sixty pounds test? Would that stand the test of sixty pounds?—A. I cannot tell you.

Sir CHARLES DAVIDSON: Sixty pounds lengthwise?

Mr. O'CONNELL: They put a test on it, sixty pounds to the square inch.

Sir CHARLES DAVIDSON: Is that the Holland machine?

Mr. O'CONNELL: Yes, with the Holland machine.

Sir CHARLES DAVIDSON: Not on the square inch; here it is, warp 600 pounds, weft 550.

Mr. O'CONNELL: Yes.

By Mr. O'Connell:

Q. Would you say that a cloth manufactured in the way you have described this would stand that test of sixty pounds to the square inch?—A. I do not know.

Q. Could it?—A. I could not tell you; I have not seen it tested.

Sir CHARLES DAVIDSON: Where do you get that figure?

[Ottawa, Military Cloth—Greaves.]

Mr. O'CONNELL: I have it in this report.

Sir CHARLES DAVIDSON: I have not heard of any sixty pounds to the square inch.

Mr. O'CONNELL: We will come to that later.

By Mr. O'Connell, K.C.:

Q. What is the method of testing this cloth to the square inch? What method would you adopt?—A. To pull it, to see if it tears.

Q. You would apply something to have a weight of sixty pounds?—A. Yes.

Q. Would you expect it to tear if you applied a weight of 60 pounds?—A. I do not know.

Q. What would it tear at?—A. I cannot tell you; I have not tested it.

Q. You cannot tell me, from the composition of that cloth, what weight would be necessary to tear it?—A. No.

Q. And still, after all, that strength test is one of the determining factors of the quality of the cloth, is it not?—A. Yes.

Q. One of the main things in manufacturing cloth is to get strength?—A. Not always.

Q. One of the main things. What is the thing about the finished product, if not its strength?—A. Often the appearance is just as important as the strength.

Q. What are the qualities, in your opinion, in order to pronounce a finished article of cloth a good quality? Strength?—A. Strength and durability.

Q. If you have the strength in the cloth, won't you have the durability?—A. You would naturally think so.

Q. So that if you have the strength you would naturally think you would have the durability, and if the finish is all right, then the cloth is all right, is it not?—A. I do not admit that.

Q. Then what is it that is wanting, in your opinion, if it has both the strength and the finish, in order to make it a cloth of good quality?—A. Well, the wearing qualities.

Q. You have just told me if it had the strength you would think it would have the wearing qualities, the durability—you do not go back on that?—A. No.

Q. So that if it has the strength and the finish, it has all the qualities necessary? Is that right?—A. No, there is the appearance of the cloth.

Q. As I said, if it has the strength and the appearance?—A. The finish.

Q. Then it has all the qualities necessary, has it not?—A. Yes.

Q. If the department, in its specifications, specifies a certain quality and a certain finish, and it comes up to that quality and finish, what is there wrong about the cloth, in your opinion?—A. If it comes up to all the specifications, I would say it was right.

Q. And if it came up to all the specifications of the department, you would say it was cloth of good quality, at least as good as the department required?

Sir CHARLES DAVIDSON: That is obvious.

Mr. O'CONNELL: Yes.

By Mr. O'Connell:

Q. Did you ever see these specifications in the department?—A. I do not remember seeing them.

Q. Were you ever informed what the specifications of the department were?—A. I do not catch that question.

Q. Were you informed of what the specifications of the department were?—A. Of this department?

Q. In regard to the manufacture of this particular cloth?—A. I have been informed of certain of the particulars that was necessary to make the cloth.

Q. Were you ever informed of the exact specifications of the department in regard to this cloth?—A. Never.

Q. So that you cannot tell us now whether the specifications were lived up to or not, can you, Mr. Greaves?—A. I could not say, sir.

[Ottawa, Military Cloth—Greaves.]

Q. So that the only cause of complaint that you have is that they have been using this fifty per cent of what you call "shoddy"?—A. Yes.

Q. And I suppose you do not pretend to say that that was not all wool shoddy, do you?—A. It was all wool shoddy except in some of the poorer qualities of shoddy that contains cotton specks.

Q. Cotton specks is a very insignificant thing; it may get into even pure wool; that is often possible?—A. It is not insignificant.

Q. Why?—A. Because it gives the cloth an unsightly appearance.

Q. But you do not say it was a matter of any moment in the manufacture of this cloth of these mills, the cotton specks that you saw?—A. They could not sell the cloth with the specks in it.

Q. But the amount of cotton specks you saw in this militia cloth was a matter of no moment; it was very small and insignificant?—A. I do not say that.

Q. How many hundreds of thousands of yards did they turn out during your time?—A. I could not tell you.

Q. 500,000; how many thousand yards did you see the cotton specks in?—A. I could not tell you that.

Q. Whether it was a hundred or a thousand yards?—A. Well, it was a thousand yards.

Q. And these cotton specks have to be removed in the mills before the cloth is shipped, have they not?—A. As many as could be removed.

Q. And if they were not removed they would be easily observable by the department?—A. Yes.

Q. Do you know whether, as a matter of fact, the cotton specks were removed in the mill?—A. They were removed, as many as possible, not all.

Q. But nearly all?—A. It would not be possible to remove them all.

Q. Why not?—A. Because it would cost too much to pick them out.

Q. And those that they did not remove would be easily observable by the department?—A. Yes.

Q. And if they succeeded in removing all the cotton specks, the material of the cotton would not be affected at all by the specks, once the specks were removed?—A. No.

Mr. THOMPSON: I wish to interrupt this particular examination to continue a matter not now before us; that is, the submarine inquiry. I call Mr. Davison of New London, Conn., a member of the company who sold the submarines to Canada.

The witness retired for the present.

GREGORY C. DAVISON, vice-president of the Electric Boat Company, sworn:

Sir CHARLES DAVIDSON: We have been endeavouring to secure your attendance and have the benefit of your evidence, for some months.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And your business?

The WITNESS: I am one of the vice-presidents of the Electric Boat Company. The Electric Boat Company's business is building submarines.

Sir CHARLES DAVIDSON: And about your not having been able to come up before—

The WITNESS: I have been unable to come up before this time.

By Mr. Thompson:

Q. I think it was your company that designed and built the two submarines which Canada purchased?—A. Yes.

Q. I understand they were designed at your works in New London?—A. Yes.

Q. And the construction of them was done at Seattle, by the construction company there?—A. Yes.

[Ottawa, Submarines—Davison.]

Q. You know the amount that the Canadian Government paid for these two vessels?—A. Yes, the Canadian Government paid \$1,150,000 for the two vessels.

Q. And how much did your company receive out of that?—A. Our company received \$555,000 each; that is \$1,110,000 for the two.

Q. And the other \$40,000—A. The other \$40,000 was paid as a commission to Mr. Paterson.

Q. J. V. Paterson?—A. Who negotiated the sale for us.

Q. You did not actually receive the cash from the Canadian Government?—A. Yes.

Q. I think Mr. Paterson retained his commission?—A. Mr. Paterson received the entire amount, \$1,150,000 from the Canadian Government, and he retained his commission, which we had agreed to give him, and also a certain sum which was due his firm on the construction account for the two boats.

Q. Mr. Taylor, the accountant of your firm, produced a number of vouchers in court when the Commission was sitting in Montreal, showing progress estimates, and that at the time of the sale to Canada your company owed the Seattle Company approximately \$131,000?—A. That is correct.

Q. And Mr. Paterson retained that out of the proceeds which he received?—A. That is correct.

Q. And was that amount really and truly due the Seattle Company at the time the sale was made?—A. No, it was not due, because there was a certain amount due us by the Chilean Government that had not been paid of it; it was not due to the Seattle Company until we received our payment from the Chileans, but it was a sum that was due as soon as we received our money.

Q. It was a legitimate claim?—A. A legitimate claim.

Q. Did Mr. Paterson, or Mr. Paterson's company, retain any sums of money whatsoever over and above the amount of their legitimate claim for construction?—A. They retained a sum of \$40,000, which was a commission for their services in effecting this sale.

Q. That was the \$40,000 already referred to?—A. Yes, but no other sum.

Q. Did your company pay out a commission, or any moneys out of the amount received by them, by way of commission?—A. None whatever; no money whatsoever to any one.

Q. You are the chief engineer, I think, of the company?

Sir CHARLES DAVIDSON: Put the question: to any other company or any other person.

Mr. THOMPSON: Yes.

By Mr. Thompson:

Q. Was any commission or any money directly or indirectly paid to any other person, individual, or firm, in respect of the sale of these vessels?—A. Positively no, except the commission paid to Mr. Paterson of \$40,000.

Q. Which was not really paid to him, but which he retained?—A. Yes.

Sir CHARLES DAVIDSON: Are you aware of what sum he demanded?

The WITNESS: At the outset he wanted \$70,000, and we questioned that, and settled for \$40,000, which seemed about fair.

By Mr. Thompson:

Q. The Seattle Company retained about \$131,000 when Mr. Paterson received the drafts from the Canadian Bank of Commerce; was that amount due the Seattle Company in respect to these two submarines, or was that partly due on other accounts as well?—A. No, it was due on these two submarines. These accounts are always kept separate.

Q. As to the design of these vessels, what do you say as to their being modern in design, or otherwise, at the time they were purchased by Canada?—A. They were

[Ottawa, Submarines—Davison.]

very modern in their design; for the size, they were the best we knew how to build at that time.

Q. Have you since built any others of the same design?—A. We have never built any others exactly of the same design, but very close to it, as far as size and general characteristics are concerned.

Q. Was there anything different in principle?—A. Nothing.

Q. Were the differences major or minor differences?—A. Minor differences; the principal differences were the engines; we have different engines in the later boats.

Q. That hardly goes to the efficiency of the vessels so far as diving or rising was concerned?—A. It don't affect it; the qualities are about the same.

Q. Some question was raised as to the efficiency of the vessels in that respect?—A. There was only one criticism that could be made about the vessels when they were completed, and that was that they were slightly over the designed weight; they were ten tons over the designed weight; their surface displacement was about 320 tons. That means they actually weighed that.

Q. Was that due to design, or what?—A. Due to several causes. Part of it was due to our adding certain features, which the Chilean Government wanted, after the boats were designed and which we put on. We put on larger conning towers, and we added a deck anchor, and added a number of things which they asked for, and at the time the Government was informed that it would increase the weight and also affect the metacentric height; but the other part of it was due to unavoidable increase in weight in parts of the machinery, but from a practical standpoint these weights really did more good than harm.

Q. In what respect?—A. They made the parts the weights went into better than they would be without the extra weight.

Q. How did it affect their efficiency as far as diving was concerned?—A. It had no effect. There is a great latitude in which you can work these weights in submarines; they have a great many tanks for ballast; we built those tanks and there is one tank which is made purposely to take care of any inequalities in weight. Sometimes a boat will have a great many stores on board, and when that is the case this tank will have less water, that compensates; then when the boat is light, very small amount of storage on board, this same tank has more water in it, which compensates. So that from a practical operating standpoint, this question of weight was negligible.

Q. I infer from what you say that there is quite a margin—A. There is a large margin in addition to that. These particular boats had a considerable amount of lead on their keels, and it would have been possible, had they so desired, to have removed a certain amount of this lead, say four or five tons, which would not have affected the qualities of the boat and would have then brought the weight to the designed amount.

Q. It would affect the metacentric height?—A. It would affect it some, but not enough to be of any practical importance.

Q. If desirable, could any one remove sufficient weight to equal the extra weight that was put into the vessel?—A. I would not recommend removing the entire amount of ten tons, but a portion of it could be removed. All this question of weight is purely a technicality. The only way in which it would ever enter, from a practical standpoint, is in an extreme case, where it might be desired to load the boats up for a long cruise, having the full tanks and everything full; in that case, there would be no trouble, so far as the boat is concerned, running on the surface, but on submerging more water would have to be left out of the tank than ordinarily. It might cause a slight inconvenience, under such an extreme assumption, which, in fact, never occurs. If the boat is going on a long cruise she will use up stores and fuel before she gets to the ground on which she is going to operate. It is not serious in any way. Moreover, in shipbuilding, you might say it is a general rule for ships to weigh slightly more than they are designed to weigh, and the percentage in this case is comparatively small. There have been many submarines built which require more overweight than this.

Q. Would that apply to vessels built since?—A. Not so much those that have been built since as those that have been built before.

[Ottawa, Submarines—Davison.]

Q. How do you account for that? Are the designs more closely calculated?—A. Yes.

Q. I ask these questions because I understand one of the grounds on which the Chilean Government did not pay, or would not pay, for the vessels was because owing to the extra weight put in the vessels, they were not able to carry provisions for the length of time which the Chilean Government considered advisable or necessary. My impression is that Mr. Paterson gave testimony to that effect?—A. That was a fact; the Chilean Government gave that as a technical reason, but it never went so far as to be reduced to writing, or be official from the Chilean Government. It was merely a conversation with the chief of the Chilean commission, Captain Plaza.

Q. Did the Chilean commission ever actually refuse the vessels?—A. Not finally or officially; orally, yes, that is, they stated their intention.

Q. They stated their intention of doing so?—A. Yes.

Q. When you refer to the commission, you refer to the Chilean commission which was appointed to oversee the construction of the vessels?—A. Yes.

Sir CHARLES DAVIDSON: You might pursue that point.

Mr. THOMPSON: Yes.

By Mr. Thompson:

Q. Mr. Paterson stated that, in spite of this protest by the Chileans that the vessels would not carry the amount of provisions which they desired, and although they had not paid the instalments which were due for over a year, nevertheless, they protested when he proposed to sell them?—A. As far as my knowledge goes, the facts were these: when these two boats were finished in July, 1914, I was in Seattle and witnessed the trials. Everything was satisfactory. They met the contract requirements in every respect. The following day, Captain Plaza, the head of the Chilean commission, informed me orally that, as the boats were overweight, he would be forced to recommend their rejection, and, therefore, it was not necessary for us to continue with this programme of trial. We had only finished the trials on one boat. I gathered the impression from that conversation, and other actions, that he went to the trials with the expectation of finding some fault and he waited. This question of weight was well known to him and to all of us for months, and there was a possibility the boats might not make their contract speed, but when he saw all these contract requirements were fulfilled, this was the only point he could use for this purpose, so I immediately stopped all trials, had the boats returned to Seattle, and had some more conversations with him, and in these conversations I wanted to get ideas, and got them, about the boats. Everything was thoroughly agreeable: there was no bad feeling between us, because he was acting simply under instructions from his Government. He did not like what he was doing, but it was a matter of duty with him. So I told him that, so far as we were concerned, it was not as serious as it might be, because we already had been negotiating for the sale of the boats, and he expressed himself as very pleased, and hoped we would sell them; and he said if we did, and his government was in a position, he hoped that they would order two more boats to replace them, and of a larger size. That is as far as the matter ever went, no really official communications in regard to it; I came east—

Q. What was the date of these trials?—A. They were on the 21st July.

Sir CHARLES DAVIDSON: Have you any objection to state who was the competitor for purchase?

THE WITNESS: There were two governments; some negotiations were being carried on with the Russian Government direct and also negotiations with the Greek Government, through agents.

By Mr. Thompson, K.C.:

Q. When did those negotiations start?—A. They started in May, the Russian negotiations, and the Greek negotiations did not become very active until July.

[Ottawa, Submarines—Davidson.]

Q. 1914?—A. Yes, all this is 1914.

Q. And you left Seattle, as I understand it, after the trial?—A. Yes; I left so as to arrive in New York about the first day of August, and on the 4th of August the morning of the 4th, I received a telegram from Mr. Paterson saying he could sell these boats for a price to us of \$555,000, and I telegraphed authorizing them to proceed with the sale.

Sir CHARLES DAVIDSON: Were you aware that the Chileans made some objections to the sale of the boats, or in any way objected to the delivery of the boats?

The WITNESS: I was not at the time. I knew afterwards. I saw the Chilean Minister in Washington the morning following the sale, and he seemed very much disturbed; his principal reason was that he feared that his country might become involved in some question of violation of the laws of neutrality, but as soon as he became assured on that point, he was very pleasant about the matter.

— By Mr. Thompson, K.C.:

Q. Were you on the vessels when the tests were made?—A. Yes.

Q. And did you find that they responded properly when it was desired to rise to the surface?—A. Yes, they met the contract requirements in every manner. The contract is very elaborate and provides a great many tests; in fact, it provides every test that is conceivable with reference to speed and endurance, and submerged speed, the time to submerge, the control of the boat after she is submerged, they are all specified very minutely, and these boats actually met every one of these requirements, in fact some of the requirements as regards control of the boats submerged were a little more difficult than any requirements for boats we had ever built.

Q. Did you find that both vessels were alike in that respect, or was one more efficient than the other?—A. There was only one vessel tried out there while I was there; the other boat was not tried while I was there.

Q. Why was that?—A. This decision that I have just told you about was made by the commission after the trials of one boat, and, therefore, there was no need of going ahead with the other.

Q. Which vessel was tried out, do you recollect?—A. At that time I knew them by their Chilean names, one was the *Iquique*, and the other the *Antafagasta*, and, according to my recollection, it was the *Iquique* we tried first.

Sir CHARLES DAVIDSON: You were down with the vessel? /

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Any discomfort?

The WITNESS: No.

Mr. THOMPSON: I was trying to ascertain whether I had a cruise on the same vessel you were on.

Sir CHARLES DAVIDSON: Was there any difficulty as to their lifting power or rising power, whichever you call it?

The WITNESS: I would call it rising power; no, no trouble whatever.

Sir CHARLES DAVIDSON: The Chilean commissioners were not satisfied; did you hear anything of that?

The WITNESS: No, except what I have said, that the boats actually weighed a trifle more than the original design contemplated.

Sir CHARLES DAVIDSON: It was suggested that, under your contract, they had to be capable of being provisioned for two months?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And that when so loaded they could not rise?

The WITNESS: I think I explained that in one part of my testimony. It was not a serious matter; it was a fact that the boats did weigh more as delivered than originally designed, but there was no reason why they should not, and if for any reason it was desired to get rid of some of that weight, it could be done in a practical manner by the removal of a certain amount of lead by perhaps lifting off the deck anchor and taking out some of these extra things that were put on.

[Ottawa, Submarines—Davison.]

By Mr. Thompson, K.C.:

Q. What do you say as to the price paid by Canada?—A. The price for that type of boat was a fair price, not considering the question of supply and demand of submarines.

Sir CHARLES DAVIDSON: Nōt considering what?

The WITNESS: It was a fair price not considering the question of supply and demand; if you considered the question of supply and demand, it was a very cheap price.

By Mr. Thompson, K.C.:

Q. How does it compare with other vessels of a similar type and design which your company has constructed?—A. It was less than some boats of almost exactly the same size that were built since. It was more than the price at which we offered to build them for the Chilean Government. The price at which we offered to build them for the Chilean Government was exceptionally low, lower than the price we build them for the United States Government for, and was done more as a matter of policy and in competition with all the submarine builders in Europe; the German firm, Krupp; the Italian firm, Fiet; and the French firm, Labouf, were all bidding for the boats.

Q. Since the declaration of war, the price compares favourably with the price of similar vessels of similar size and design?—A. It was less.

Q. About how many have you built since the declaration of war?—A. Since the declaration of war, of that size, we have built 26.

Q. Same size and design?—A. Virtually the same design.

Q. You say the price to Canada compares favourably with the price of these 26?—A. It was less than any of the 26.

Q. What is the efficiency of these two boats?—A. These boats are as efficient as any submarine of the same size and general type that we could build to-day; that is, for war purposes. They can run under water the same distance and the same speed as on the surface.

Q. What as to any discrepancy or inefficiency between the two boats. Are you aware of any?—A. There was some question about a slight difference in the weight; there was also a difference in the armament; one boat has four tubes and the other has two tubes. The reason of this was because the Chilean Government wanted them built that way, and naturally the one with four tubes has more military value than the one with the two tubes. The company protested against building a boat of that size and putting four tubes in it, but as the Chilean Government wanted it and were willing to pay for it, there was nothing else to do. One of the boats has only two tubes and the other has four tubes.

Sir CHARLES DAVIDSON: What are their names?

The WITNESS: I cannot tell you the original names, but I can tell the design names of the boats.

Sir CHARLES DAVIDSON: When you speak of the tubes, you speak of the torpedo tubes?

The WITNESS: Yes. 19-B was the design name of the boat, or the *Antafagasta*. That was our design number, 19-B, and showed two tubes in the bow and one tube aft. The *Iquique* was our design name, 19-E and showed four tubes in the bow and one stern tube.

Sir CHARLES DAVIDSON: As to the effectiveness and working power?

The WITNESS: There is no practical difference.

Sir CHARLES DAVIDSON: What is your opinion as to the value or efficiency of these two vessels with respect to the protection of Vancouver and Victoria and the adjacent waters?

The WITNESS: In my opinion, they were the greatest defence that those waters had. From all accounts, it is quite possible that they saved Vancouver and Victoria from destruction. The moral effect of those two vessels being armed, and being in

[Ottawa, Submarines—Davison.]

the possession of the Canadian Government, in the opinion of many naval officers with whom I have talked kept the German cruisers, which were then on the Pacific coast, from entering those waters, and, moreover, if the cruisers had the hardihood to go in and bombard Vancouver or Victoria, it is more than probable that those submarines, in the condition in which they were, would have probably sunk the cruisers.

Sir CHARLES DAVIDSON: What as to market for these two submarines at the date of the sale to the Canadian Government?

The WITNESS: At the date they were sold to the Canadian Government, we could also have sold them to the Greek Government. Their agents were very anxious to get them, and we could probably also have sold them to other governments who were neutrals, but we could not have sold them after hostilities began to the belligerents, on account of our neutrality laws.

Sir CHARLES DAVIDSON: As to bargaining for price or otherwise, what margin of time was there?

The WITNESS: There was two hours; there was no time to bargain, when we took that price it was that or nothing. It was the same way for the Canadian Government, because a delay of two hours would have meant that the United States Government would have prevented the boats leaving Seattle. As it was, when the report got out, the United States Government sent out boats from Puget Sound to find these boats and bring them back, but they had already been delivered.

By Mr. Thompson, K.C.:

Q. I think you said it was on the 21st July, 1914, that you were present at Seattle at the tests?—A. Yes.

Q. Had there been any suggestion at that time to sell them to Canada?—A. No.

Q. Did Mr. Paterson mention any negotiations with anybody in Canada on the 21st July?—A. No, not to me.

Sir CHARLES DAVIDSON: They began on the 7th.

Mr. THOMPSON: It was stated that Mr. Paterson's negotiations extended over forty days.

The WITNESS: They could have taken place without my knowledge; I had no knowledge of it.

The witness retired.

CHARLES BURNS, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Q. You are assistant director of contracts?—A. Yes, sir

Q. Would you look at Exhibits 3 and 4 and tell me whether they embody the contract or contracts and repeat orders with the Auburn Woollen Mills Company?

Mr. O'CONNELL: I admit that is the contract.—A. Exhibit 3 is the form of tender sent out and this is the covering letter which accompanied it.

Q. Exhibit 4 is a sample order or contract?—A. Yes.

Q. And the orders were all based on the sealed pattern, as I understand it?—A. On the sealed pattern and specification therefor.

Q. Which is the specification?—A. This is it.

Mr. THOMPSON: We will put in the specification.

(Exhibit No. 9—Auburn Woollen Mills).

Q. How much have you received from that company? How many yards of cloth?—A. In all, sir.

Q. Yes?—A. This was prepared last Friday; up to that time we had received 225,966 yards; this is dated on the first of August last, from the outbreak of the war; that is without fractions.

Q. That is from 1914 down to date?—A. Yes.

[Ottawa, Military Cloth—Burns.]

Q. It will be 33 in the specification, I presume, that applies to the cloth that was made by the Auburn Company?—A. They also make 31, 32 and 34.

Sir CHARLES DAVIDSON: Has that supply been delivered weekly?

The WITNESS: This is their total delivery.

Sir CHARLES DAVIDSON: Has it been delivered continuously?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: How many orders—that covers how many orders?

The WITNESS: Seven different orders.

Sir CHARLES DAVIDSON: Give us the dates?

The WITNESS: The first one is dated March 9th, 1915.

Sir CHARLES DAVIDSON: None in 1914?

The WITNESS: Yes; there are some completed orders before this. I was not asked to produce these orders.

Sir CHARLES DAVIDSON: That is all we need; it is since the war began. Were there many before the war?

The WITNESS: None at all.

Sir CHARLES DAVIDSON: I thought you said some were before 1914?

Mr. THOMPSON: We want all since 1914.

Sir CHARLES DAVIDSON: Bring us a list in the morning, so that we can put them in then.

Mr. THOMPSON: I will call Mr. Robert Watson.

Mr. WATSON: Would it be possible for me to ask leave to be relieved from giving evidence. I have not been summoned.

Sir CHARLES DAVIDSON: You do not want to be sworn?

Mr. WATSON: I prefer not. I will give you my reasons, and if you think I am justified—

Sir CHARLES DAVIDSON: You are always entitled to give your reasons, and you can give them publicly or privately, and if I find they are sufficient I will then state publicly why I relieve you. If I think you have not sufficient reasons I need not state what they are. Take your own course.

Mr. WATSON: I will give them privately.

(Mr. Watson retired to give his reasons for not wishing to testify).

On resuming—

Sir CHARLES DAVIDSON: I will consider the matter of your statement until to-morrow.

The Commission thereupon adjourned to meet to-morrow morning, Tuesday, April 4, 1916, at 10 o'clock a.m.

OTTAWA, Tuesday, April 4, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

Mr. D. O'CONNELL, K.C., Peterborough, appeared for the Auburn Woollen Mills Company.

JAMES KENDRY, SWORN:

Examined by Mr. Thompson, K.C.:

Q. I understand that you are one of the Auburn Woollen Mills Company?—
A. Yes.

Q. What is your official capacity?—A. President of the company.

Q. I show you Exhibit No. 4-A which has been produced by Mr. Graves and the statement was made by him that this was handed to him by Mr. Bentley and that Mr. Bentley made the statement that this material, Exhibit 4-A was procured from the Auburn Mills. I will prove that later by Mr. Bentley. In the meantime would you look at it and state whether that material, to the extent of 60 per cent, is used in the cloth manufactured by your company for the Militia Department?—A. Yes, I gave that to Mr. Bentley.

Q. And this material, Exhibit 4.—A. ———

Sir CHARLES DAVIDSON: He has not answered your question altogether.

By Mr. Thompson, K.C.:

Q. Does this material enter into the cloth made by the Auburn Woollen Mills Company to the extent of 50 or 60 per cent?—A. Not so much as that, but it enters into the manufacture of it.

Q. To what extent?—A. Forty per cent.

Q. Not more?—A. ———

Sir CHARLES DAVIDSON: It has entered?

The WITNESS: It has entered.

By Mr. Thompson, K.C.:

Q. It is used by your company in the manufacture of cloth for the Militia Department in that quantity?—A. In that class of cloth it is used all over the country.

Q. In your concern?—A. In our concern.

Q. For friezes and overcoatings?—A. For friezes and overcoatings.

Sir CHARLES DAVIDSON: Is it known as shoddy?

The WITNESS: No, wool stock.

Sir CHARLES DAVIDSON: Is it never known as shoddy?

The WITNESS: Wool stock is what it is called.

Sir CHARLES DAVIDSON: You give it a dignified name, but it is popularly known as shoddy?

[Military Cloth—Kennedy.]

The WITNESS: I have never heard it termed that in that class of stuff.

Sir CHARLES DAVIDSON: What is shoddy?

The WITNESS: Old rags and old worsted stuff which is picked; it is a different stock from that.

Sir CHARLES DAVIDSON: Shoddy is what?

The WITNESS: Old woollen rags—worn.

Sir CHARLES DAVIDSON: What do you call that?

The WITNESS: I call that wool stock, sir.

By Mr. Thompson, K.C.:

Q. Do you find any in field pattern No. 33 (Exhibit No. 2)?—A. We put that in No. 33 and every other mill—

Sir CHARLES DAVIDSON: Wait a moment (Exhibit No. 2 shown to witness).

By Mr. Thompson, K.C.:

Q. I ask you whether in field pattern No. 33 (Exhibit No. 2) you find any material which you term wool stock?—A. Nobody could tell by examining that, but we know that the large proportion of these stocks are made with that class of stock.

Sir CHARLES DAVIDSON: Do you find it there?—A. I would say it is in the stock made by us and by all—

By Mr. Thompson, K.C.:

Q. This field pattern is not made by you?—A. No.

Q. Could you make that statement without having examined the field pattern?—

A. Yes.

Q. You are quite certain about that?—A. Yes.

Q. Can you say to what extent the material which you call wool stock enters into field pattern No. 33?—A. I could not make a statement of that kind because no man, I do not think, will say that he can look at a piece of cloth and guess the amount in it. It is impossible for any one to do that.

Q. Are there methods of ascertaining that?—A. Not any methods, only guesswork.

Q. Not by analysis?—A. No, not by analysis, because there is short wool and fibre and no one can distinguish the difference between the two—I do not care who it is.

Q. How close a percentage could one arrive at by making a calculation?—A. No man could give the percentage by examining a piece of cloth.

Q. Could you do it within 10 per cent?—A. You could not do it within 20 per cent. It is a matter of guesswork in that class of goods and that is used universally all over.

Q. Do you mean to say that the cloth manufacturer could put 20 or 30 per cent of shoddy, or wool stock, into his material and sell it to the wholesale woollen house as pure wool, or all wool, whatever the technical phrase is, and thereby deceive him?

Mr. O'CONNELL: You mean all new wool.

By Mr. Thompson, K.C.:

Q. All new wool and thereby deceive him?—A. This is only known as freize.

Q. I ask you this one question?—A. Yes.

Q. You think that a wholesale woollen merchant could be deceived to that extent by the cloth manufacturer?—A. He knows that he does that.

Q. I ask you whether he could be deceived?—A. He could not be deceived, because the price would determine that.

Q. Suppose the cloth manufacturer asked for this cloth the same price that he would ask for new wool cloth?—A. He could not determine that. He would not know and I would not know as the manufacturer. I have been a manufacturer for fifty years and after you go beyond 20 per cent you cannot tell anything about it.

This cloth is made in this way for its felting properties and it is universally used, in England and in the United States. That class of cloth is used all over.

Sir CHARLES DAVIDSON: What does this wool stock cost?

The WITNESS: Forty cents.

Sir CHARLES DAVIDSON: A pound?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What does new wool cost?

The WITNESS: Seventy cents. The class of wool that we use in this cloth is a better wool and it would cost 70 cents a pound.

By Mr. Thompson, K.C.:

Q. Fifty per cent of the material costs you 40 cents a pound and the other 50 per cent costs you 70 cents?—A. About 70; it might be 68 or 70.

Q. From whom do you purchase your wool stock?—A. From the Smith Manufacturing Company of Toronto.

Q. You bought all your wool stock from them?—A. Yes; nearly all we have used we have purchased from them.

Q. The price varied on that, did it?—A. Sometimes it does vary. It is getting dearer and dearer all the time.

Q. What did you pay for your wool stock at the outbreak of the war?—A. 25 to 26 cents.

Q. What has it been during 1915?—A. It has been nothing less than from 25 to 26 cents; that is the lowest and it has raised right up until to-day it is 40 cents. We are paying 40 cents to-day.

Q. When did you make your last purchase?—A. We are making them from time to time right along.

Q. When did you make your last purchase?—A. It comes in possibly daily. I could hardly tell our last because it might have come in yesterday or the day before.

Q. Did you receive a shipment practically every day?—A. Not every day but every second or third day.

Q. I suppose there is no material jump in price from day to day; it will be a gradual rise?—A. It might be raised from day to day.

Q. What is the greatest rise?—A. The greatest rise in that class of stock has been possibly within the last three months.

Q. From day to day what has been the greatest rise?—A. We might have a contract for so long; we might make our contract for two months and as it comes in it would not change until we made a new contract.

Q. Had you any fixed contract?—A. Yes.

Q. Had you a contract running for two months?—A. Yes.

Q. When would the last contract expire?—A. It has not expired yet; we are still on that.

Q. When was that made?—A. I could hardly tell you the date offhand.

Q. I suppose you have the contracts?—A. I have.

Q. I would like to have them produced.

Sir CHARLES DAVIDSON: The witness examined yesterday, Greaves by name, stated that the sealed sample, Exhibit 4-A, being shoddy, cost 10 cents per pound as contrasted with 40 or 50 cents per pound for new wool; is that right, Mr. Greaves?

Mr. GREAVES: If in normal demand.

The WITNESS: We never have bought that stock at that price or near it. He would have no means of knowing. That is only guesswork.

Sir CHARLES DAVIDSON: We would like Mr. president to make a statement as to the contrast between the sealed pattern and these products of his mills.

Mr. THOMPSON: I am not going to examine him at length. This is for the purpose of establishing Exhibit 4-A, or rather of establishing the name that he would give it.

Sir CHARLES DAVIDSON: You recognize that it came from your mills?

[Military Cloth—Kendry.]

The WITNESS: Yes.

Sir CHARLES DAVIDSON: You have no doubt it came from your mills?

The WITNESS: No doubt, I gave it to Mr. Bentley, or he got it there, and we have this stock.

Sir CHARLES DAVIDSON: It entered into your manufacture?

The WITNESS: It entered into our manufacture.

By Mr. Thompson, K.C.:

Q. In the meantime, you might look at the sealed pattern and the cloth your mill has furnished and compare them and perhaps make a statement later?—A. Yes.

Sir CHARLES DAVIDSON: Look at samples Nos. 5, 6, 7 and 8.

The WITNESS: Yes.

Witness retired.

ROBERT WATSON, Sworn:

Examined by Mr. Thompson, K.C.:

Q. What is your occupation, Mr. Watson?—A. Government Inspector of Woollen supplies.

Q. In the Mounted Police?—A. In the Mounted Police.

Q. How many years' experience have you had?—A. Thirty-seven.

Q. Would you look at exhibit 4-A and tell me what you call that material.

Sir CHARLES DAVIDSON: It is proper to state that Mr. Watson yesterday desired that he should not be called as a witness on account of his being an employee of another department. He speaks under order of the Commission.

The WITNESS: I have no objection to answering any question.

By Mr. Thompson, K.C.:

Q. Will you look at exhibit No. 4-A and tell me what you call that material?—A. I thoroughly examined as far as I could without a chemical test the samples that were submitted to me, also the sealed pattern and I at once said to those around me, Mr. Thompson and others, that the sealed pattern was not absolutely pure stock called for by the specification. There is one of the troubles. The specification to that extent is wrong.

Q. Mr. Watson is referring to the new specifications?—A. The specification I was shown yesterday.

Q. The documents you are referring to as the specifications will not govern in this case. The specifications which you say you looked at were the new specifications and they are not the specifications under which this cloth was made. The specifications under which this cloth were made were these (handing witness a paper). I might read from section 4:

Thirty-five thousand yards frieze drab No. 33, at \$1.55 per yard, f.o.b. Ottawa to be exactly similar in every respect to our sealed pattern and specifications therefor.

Will you look at the specifications (exhibit No. 9)?—A. There is nothing in this to indicate that they should be all wool. There is nothing said about it at all that I can see. I believe the specifications said absolutely pure stock.

Q. These are the new specifications?—A. This does not call for absolutely new stock.

Q. That is to say that shoddy or wool stock might be used?—A. No, not under this specification. This is a very broad specification but I do not think it is necessary for pure stock to be used.

Q. I will read from paragraph 1 of the specifications:

Supplies must correspond in all respects with the standard patterns, which may be seen at the inspection room, 113 Rideau Street, Ottawa, and with particulars on the labels attached to them. In points which are subject to unavoidable variation, such as strength and weight, the label or specification is to be taken.

Sir CHARLES DAVIDSON: That is that the test is to be by this sealed pattern?

Mr. THOMPSON: That is it.

By Mr. Thompson, K.C.:

Q. Look at the material, exhibit 4-A, and tell me what you call that?—A. I was expecting pure stock and of course I came to the conclusion that it was not pure, but I began by examining what I called shoddy. He calls it by a different name; the manufacturer's name is wool stock but it is practically shoddy. It is wool, good wool, a very good quality of it, but it is not pure stuff, what I call piece wool or long staple wool, but it is a very good quality of that kind of stuff.

Q. You call it shoddy?—A. That is the usual term that was used.

Q. What do you call this exhibit 4-A?—A. I would term it shoddy. It is usually called shoddy. That is what is called wool shoddy. Of course, there may be different terms in different places and they may call it by different names.

Q. Mr. Kendry said that what he called shoddy was stock made from old woollen garments?—A. That would be a lower grade of shoddy. I am satisfied that there is none of that lower grade in these goods. I am satisfied that the goods are equal to that sealed pattern.

Q. What goods?—A. That were shown me there.

Q. You examined sealed pattern No. 33?—A. Yes, I examined them all yesterday.

Q. Will you look at Exhibit No. 6 and state whether that is up to the sealed pattern in your opinion?—A. I think there is a larger percentage of what I call shoddy, and what he calls wool stock, in that than in the sealed pattern.

Q. Will you state how much greater percentage?—A. It would be very difficult to tell the exact proportions, I do not think there is any one who can do that down to a very narrow percentage. All you have to do is to satisfy yourself that there is such a thing in existence—it is there—it shows it—but it is difficult—almost impossible—to tell how much there is.

Q. You think it enters to a greater extent into the cloth than into the sealed pattern?—A. There is more in that.

Q. In that which was manufactured and which is marked as exhibit No. 6?—A. Yes.

Sir CHARLES DAVIDSON: He is now looking at Exhibit 6. Take Nos. 5, 6, 7 and 8 and begin at the beginning.

The WITNESS: These are practically the same—probably less in this than in the other.

By Mr. Thompson, K.C.:

Q. You think there is less wool stock in exhibit No. 5 than in exhibit No. 6?—

A. There is less shoddy or wool stock in exhibit No. 5 than in exhibit No. 6.

Sir CHARLES DAVIDSON: Do you say they are practically the same?

The WITNESS: The same only a larger percentage in the last one. No. 7 is the same as No. 6.

By Mr. Thompson, K.C.:

Q. What do you say as to exhibit No. 8?—A. I think there is about the same proportion in that as in the others. It is not quite as heavy. The felting has a good deal to do with this.

Q. What do you mean by saying that it has a good deal to do with this?—A. In the finishing.

[Military Clothing—Watson.]

Q. But that does not affect the quality?—A. No, sir, not at all.

Q. What test could I have made of these various cloths to see whether they correspond with the sealed pattern in quality or to see that they are up to the sealed pattern?—A. I do not know of any other test that is possible. A chemical test will not reach it from the fact that they are both wool and it is only a question of quality, of degree, of difference of material. That material you showed me is as much wool as the other.

Q. That is what you call shoddy?—A. Yes; that is as much wool as the long staple except that it is of inferior quality, shorter and would not make as good an article, long staple wool for frieze would not do probably as well as a mixture on account of the felting.

Q. You would say there is more shoddy in manufactured cloth than in the sealed pattern?—A. Yes.

Q. But you are not able to say how much?—A. They are practically made on the same lines varying a little in the quantity.

Sir CHARLES DAVIDSON: What do you mean by felting?

The WITNESS: The finishing process; that is making it finer and firmer.

Sir CHARLES DAVIDSON: With what?

The WITNESS: It is in the process of finishing—fulling.

By Mr. Thompson, K.C.:

Q. Fulling has nothing to do with the thickness of the paste?—A. No.

Sir CHARLES DAVIDSON: Do you find that any paste has been used?—A. It is always used in the manufacture of these goods. The only question is of the degree and quantity.

Sir CHARLES DAVIDSON: Quantity of what?

The WITNESS: The quantity of the low grade stock that is used.

By Mr. Thompson, K.C.:

Q. Mr. Kendry said it was 40 per cent.—A. I would not say that it was more than 30 or 35.

Q. He said about 40 per cent?—A. Yes.

Sir CHARLES DAVIDSON: How could it be determined scientifically as to the component parts of the sealed pattern?—A. It is a very difficult thing to do; I do not know of any one who is possessed of the knowledge. If the manufacturer cannot do it I do not think you can expect a poor, unfortunate layman to do it. I never had that kind of thing to contend with in all my life.

By Mr. Thompson, K.C.:

Q. Have you detected attempts to sell shoddy to you in your department?—A. They certainly might be made but I have been handling a different class of goods and there is no trouble about getting pure stock in them. They are made of a different class of wool and we get absolutely pure wool every time. This is what we call in the trade a frieze, it is a very good frieze and I believe it will give very good service because it is made particularly well.

By Mr. O'Connell:

Q. You are referring to the samples of cloth purchased from the Auburn Woollen Mills Company?—A. Yes, sir.

By Mr. Thompson, K.C.:

Q. Do you say that you detect the presence of shoddy in sealed sample No. 33?—A. Yes, without a doubt, but the only difference is in the degree, in the quality, and it is very difficult to decide. I must admit that I cannot decide and I do not know who can.

Q. You were asked how any test could be made to determine accurately the percentage of shoddy in the sealed pattern and also in the manufactured article?—A. On two or three different occasions we have had disputes about qualities; I took my stand, and, of course, the mill took their stand, and we could not agree. The consequence was that as a way out of it I suggested to the department to take this matter out of my hands, and out of the hands of the contractors, and submit it to the secretary of the Board of Trade either in Toronto or Montreal and let them select experts there, preferably chemists or someone of that kind, to decide. I have had in my experience three tests in that way in Montreal, and two in Toronto, and I have to say that I happened to come out right each time.

Q. Who were the people to make the tests?—A. It was Mr. Hersey in Montreal, if I remember aright. It is some little time ago. In that way we have been able to put an end to our difficulties. I discovered that one of our troubles, when wool shoddy and staple goods were used in one piece of cloth, was to determine the proportions. They are all worked up together, spun together, carded together and it is very difficult to separate them and tell the proportions of each. It is not possible for any man to identify them.

Q. At all events, you are well satisfied that you were always able to determine the presence of shoddy in cloth?—A. I can always tell it.

Q. Are you able to say whether the shoddy which you find in the cloth of the Auburn Company is shoddy of as good quality as exhibit No. 4-A?—A. Yes, I think they are the same goods practically. There is no 60 per cent—

By Mr. O'Connell:

Q. There is no 60 per cent of shoddy in the samples produced?—A. No.

Sir CHARLES DAVIDSON: Mr. Greaves, you are quite at liberty to suggest to Mr. Thompson any pertinent questions that might occur to you either now or throughout this discussion.

By Mr. Thompson:

Q. Do you know anything about the price of cloth?—A. That does not come under my duties.

Q. You are simply to determine the qualities?—A. I have no right to look at the price or know anything at all about it. They simply send to my office a sealed pattern which is accepted by the department and that is my authority. I do not recognize anything else.

Q. Could you say what would be a fair price for the cloth?—A. I know they are going up by leaps and bounds just now.

Q. So do I, unfortunately, but do you know what the bound is at the present time?—A. I do not really know; of course, I do not know the market.

Sir CHARLES DAVIDSON: The witness states that he has no knowledge.

The WITNESS: No.

By Mr. O'Connell:

Q. Mr. Watson, I think you have described wool stock as short, new wool?—A. Yes.

Q. There is sometimes short wool, is there not?—A. Yes.

Q. Which enters into the material?—A. Yes.

Q. Of course, the wool stock that is produced here is all wool?—A. Yes, that is all wool.

Q. There is nothing in the samples which have been produced by the Auburn Mills except material of all wool?—A. All wool and very good shoddy, or material, of that kind.

Q. I saw in one of the specifications that the department was permitting the use of waste?—A. That is permitted always; that is the waste that comes from the cards and is practically shoddy afterwards.

[Military Clothing—Watson.]

Q. That is generally permitted?—A. Yes.

Q. That waste would also be short wool?—A. Yes.

Q. But it could not be distinguishable in the fabric afterwards from wool stock?—A. No, it could not be even by chemical process because it is exactly the same as the goods originally after it has gone through. It has fallen over from the cards and it is swept up and put into the body.

Q. The only difference between wool stock and new wool is that the wool stock is shorter in the thread?—A. That stock is shoddy.

Q. You would not call that shoddy?—A. What I call pure stock is long staple wool. When the wool sorters are making their selections, they have certain classes that they call by different terms and the long staples stock which occurs on the back of the sheep is kept separate. Then the short wool is kept separate and that goes into the class of short wool.

Q. Into the shoddy class?—A. Yes.

Q. That is the wool off the necks or bellies?—A. Yes.

Q. The long wool off the sheep's back is the long staple wool?—A. Yes, and as it commands a great deal better price in the market it is sold separately.

Q. And the short wool off the necks and bellies is practically the same as what we purchase as shoddy?—A. Yes.

Q. It is quite a proper practice to use short wool for certain fabrics and materials mixed with long wool?—A. Yes, they card them together as long as there is a good staple stock for spinning them.

Q. It is quite a common thing to use a considerable quantity of long staple stock, with a certain mixture of this wool stock, for the manufacture of frieze cloth?—A. It is generally used; in fact in many ways it is a sort of necessity to have that stock in it in order to have the finish.

Q. It is practically necessary that there should be a certain amount of wool stock mixed with long wool for the manufacture of frieze cloth?—A. Yes.

Q. It gives weight and firmness?—A. It gives a better finish and it felts better. For that class of stuff it is necessary to have good felting.

Sir CHARLES DAVIDSON: Why does it felt or finish better, or have a better appearance?—A. It turns the water better, it turns the wind better if it is properly felted than if it were open, porous cloth.

By Mr. Thompson, K.C.:

Q. Does felting mean that they use paste upon it?—A. No.

By Mr. O'Connell:

Q. After the cloth goes through the mill it is loose in its texture?—A. Yes.

Q. It might be 60 inches wide or a little more?—A. It may be that or more than that.

Q. Sixty-five inches, say?—A. Yes.

Q. You can hold this cloth, with its open texture, up before the light and see through it?—A. Yes.

Q. The felting process is that you put it into a solution of some kind which has the effect of shrinking it, bringing it down, and making it thick?—A. Yes.

Q. That is what you call the felting or fulling process?—A. Yes.

Q. It would not be any longer, would it?—A. No.

Q. It would be reduced to about 50 inches?—A. —

Mr. THOMPSON: In ordinary language, we would call it shrinking.

Mr. O'CONNELL: They call it felting or fulling.—A. (The witness) Take, for instance, a 98-inch wool blanket 110 or 120 inches in length, and they would put that through the fulling process.

By Mr. O'Connell:

Q. Why?—A. In order to full it both as to length and width.

[Military Clothing—Watson.]

Q. Then you reduce the width and the length by bringing up the thickness?—A. Yes.

Q. That is what you call felting?—A. Felting or fulling.

Q. Will you, for the purpose of felting, or fulling, cloth, require a certain quantity of wool stock in the material?—A. If the percentage is not too much I think it is important.

By Mr. Thompson, K.C.:

Q. Why?—A. It answers better than a long staple wool for felting purposes. What I contend is that you cannot felt absolutely a pure long, staple piece of cloth.

Q. Why?—A. Because the nature of the wool won't allow it. It is lifey and springy.

By Mr. O'Connell:

Q. Long wool forms a kind of spongy cloth, but it gets its firmness and finish from certain mixture of wool stock or shoddy?—A. Freize goods do.

By Mr. Thompson, K.C.:

Q. Does that mean that when we find a very close cloth like the samples before us, it is important to use what you call shoddy?—A. It must be in freize cloth.

Q. Would not that apply to other cloth as well?—A. That would not apply to tweed. You never find tweed felted.

Q. And if I have felted cloth, does that mean that I have a large percentage of shoddy?—A. You may be sure that there is considerable of that waste in it in order to give it that felting. You cannot have it without it. The only danger is in having too much of it. If we could only get the manufacturer to put in 20 per cent or 25 per cent and the balance absolutely pure, long staple stock, we would have an ideal cloth. You would have the best wearing qualities with the long staple and the finishing qualities with the other.

Sir CHARLES DAVIDSON: What is the effect of putting too much shoddy in it?

The WITNESS: It reduces the life of it.

Sir CHARLES DAVIDSON: What is the effect apart from the price?

The WITNESS: It would not wear as long. It would show in the end in the wear. Unless it was unduly weighted it would make a great deal of difference in the wear. The danger is in getting too much of it.

Sir CHARLES DAVIDSON: What would you consider too much?

The WITNESS: I would say anything over 25 per cent.

By Mr. Thompson, K.C.:

Q. If you have over 25 per cent you think it is liable to disintegrate?—A. You are then in the danger zone.

By Mr. O'Connell:

Q. I think you said that if you had 25 per cent it would be an ideal cloth?—A. Provided you had long staple wool in the other.

Q. In fact, I suppose the quality of the staple wool you use determines to some extent the quantity of wool stock you may use?—A. For instance, if you use a good quality of long staple wool—the best quality—you can possibly use more wool stock than you can use with an inferior wool?—A. Yes.

Q. That determines it to some extent?—A. Yes.

Q. If you used wool of a high quality you could make good freize cloth with a higher percentage of wool stock than 25 per cent?—A. Yes, one compensates for the other.

Q. So that, having a good, first-class quality staple wool, you can still use about 40 per cent of wool stock and have good freize cloth up to the requirements of the specifications you have seen here?—A. Yes.

[Military Clothing—Watson.]

Sir CHARLES DAVIDSON: Is that a contradiction of your previous statement?

The WITNESS: No, I do not understand it so (Mr. O'Connell's question having been read).

The WITNESS: I never admitted using 40 per cent.

By Mr. O'Connell:

Q. What I understand you to say is that the better the quality of long staple wool used in the manufacture of the cloth the more of the wool stock you can use?—A. That is what I understood you were trying to say. One compensates for the other, but I would not under any circumstances admit that it was necessary to have 40 per cent.

Q. Not necessary—no—but it might be used and still produce a good cloth?—

A. Yes, if there is good, pure wool in the long staple.

Q. Good pure wool in the long staple and good pure wool in the shoddy, or wool stock, it might still be used and produce good cloth?—A. Yes.

Q. Evidently, Mr. Watson, although we have not had the pleasure of meeting you before, you have had a very considerable experience in the woollen business?—A. Yes.

Q. You are connected with one of the departments of Government?—A. Yes.

Q. Which department?—A. Mounted Police.

Q. Your duties are the inspecting of woollen supplies from time to time?—A. Yes, all the time.

Q. You are quite familiar with wool fabrics?—A. Quite familiar.

Q. You have examined these samples, Nos. 5, 6, 7 and 8, which apparently are samples of the woollen mills. Have you compared them with the sample sealed pattern?—A. Yes.

By Mr. Thompson, K.C.:

Q. My learned friend asked you about wool waste from the cards?—A. Yes.

Q. You would not place wool waste from the cards in the same category as Exhibit No. 4-A, would you?—A. No.

Q. It is better material?—A. You may have the waste coming from absolutely pure, long staple stock. There is a certain percentage of it that falls through from the cards, and it is called mill waste. It would be unfair to call that shoddy, because it is actually just as good as what has gone through only it is a little shorter.

Q. Whereas Exhibit No. 4-A possibly is made from cloth which has been mechanically treated and converted into a material which will be again spun into wool?—A. Yes; you are now speaking of the lower grade of shoddy.

Q. What do you think Exhibit No. 4-A is? Has that ever been made into cloth and then disintegrated?—A. It would be very difficult to tell that. It seems a very good quality of what we call shoddy. I would pronounce it a very good quality of shoddy or what he calls wool stock.

By Mr. O'Connell:

Q. I have here a definition of "shoddy" as taken from the encyclopædia. Shoddy is "the waste stuff thrown off in the spinning wool," and, secondly, "old woollen or old worsted fabrics torn to pieces by a machine having spiked rolls (termed a devil) cleansed and the fibre spun with a certain proportion of new wool, the yarn being afterwards woven into the full bodied but flimsy fabric also known as shoddy and made into cheap cloth." Is that a pretty accurate definition of wool shoddy?—A. I think that about sizes it up.

Q. Except that the difference between this definition and the definition you give is that this describes it as old woollen or old worsted. You say it may be new wool taken from new clothes that have not been worn?—A. No, I do not say that.

Sir CHARLES DAVIDSON: Have you found the expression "wool stock" in the dictionary?

Mr. O'CONNELL: It did not occur to me to look for it.

The WITNESS: Of course, shoddy has a very unsavory name; every manufacturer and every man who has knowledge of it knows that. There is such a variety of shoddy. I remember one time in Scotland I was in a place where they were handling shoddy and wool supplies, and I inquired about prices. The man showed me what he was selling to the trade then at 6d. a pound. He said: I can show you shoddy that will probably surprise you. He showed me shoddy that was selling at eight shillings a pound and he said: That goes into the manufacture of the best broadcloth that is made in England, and broadcloth cannot be made to-day without shoddy for the finishing.

By Mr. O'Connell:

Q. Shoddy does not deserve the bad reputation then?—A. The bad name.

Q. If you take your wool stock from new clothes, or cloth which has not been worn before, would you call it shoddy?—A. Yes.

Q. But shoddy, you say, does not deserve the bad reputation it has from the public?—A. ———

By Mr. Thompson, K.C.:

Q. Do you say that you detect the presence of shoddy in the sealed pattern, exhibit No. 33?—A. Yes; it is not absolutely pure wool.

Q. You mean long wool?—A. Long wool. I happened to notice that the specification was attached to the particular goods yesterday and that is what struck me as strange.

Q. Might it be card waste or old stock?—A. It is very difficult to say.

Q. It might be card waste?—A. I could not say that because it is very difficult to say.

Q. Mr. Greaves says that he did not detect the presence of shoddy in sample 33. He states it might be waste long wool stock?—A. ———

Witness retired.

CHARLES BURNS, sworn:

Examined by Mr. Thompson, K.C.:

Q. Have you tested the cloths supplied by the Auburn Woollen Mills Company for strength?—A. I have not tested them myself. I had my inspector do it and he has reported to me the result.

Q. Is he here?—A. Yes, sir.

Sir CHARLES DAVIDSON: Are you an expert?

The WITNESS: I have had 22 years' experience, five in making cloths, the balance in buying and selling.

Examined by Mr. Thompson, K.C.:

Q. Was sealed pattern No. 33 analyzed before it was adopted?—A. It was not analyzed but we have the report of the maker on the subject of composition.

Q. What percentage of shoddy was given?—A. There was no definite amount given at all.

Q. At what date was that sample received?—A. That would be in 1912.

Q. Who made that sample?—A. The Paton Company of Sherbrooke.

Q. Did they give you any report as to the composition of the cloth when they furnished it?—A. When we adopted that standard it was adopted by a committee of three.

Sir CHARLES DAVIDSON: Who?

The WITNESS: Myself, Mr. J. A. McCann, and Colonel Halleck.

[Ottawa, Military Cloth—Burns.]

By Mr. Thompson, K.C.:

Q. Is Colonel Halleck in Ottawa at the present time?—A. He is the Director of Stores. He may not be in town to-day but he is stationed here.

Q. Was there any analysis made to determine how much shoddy is contained?—A. There is no way you can determine.

Q. When the manufacturer had submitted his sample, was that all he was expected to do?—A. All Canadian manufacturers were asked to submit samples as far as we knew them.

Q. Did they do anything more than submit samples? Did they tell you what the composition of the cloth was?—A. Not exactly.

Q. How much shoddy do you consider sealed pattern No. 33 contains?—A. We have no way of determining that. The strength test was satisfactory and therefore we decided that it was satisfactory material.

Q. Do you agree that the strength test is the best way of getting at it?—A. That is the only way to determine the wearing qualities. If it had any considerable amount of wool stock, when you put it through the strength test it would fail.

Q. Would that be evident at once or only after the garments had been worn?—A. Not necessarily because there are other reasons which would account for the strength test failing. If the material is fulled too much the strength may be reduced, or if it is delivered to us and tested while damp, even slightly damp, it will reduce the strength.

Q. It would not bear it?—A. No, we have had cases where the goods were delivered to us damp.

Q. Mr. Watson suggests that the Auburn Mills' output before us contains more shoddy than sealed pattern No. 33, but he cannot state how much greater the percentage is?—A. No, I do not think anyone could demonstrate how much greater. The strength tests, after the goods are delivered and tested, have been found satisfactory and therefore we have accepted what we have accepted and rejected what we have rejected.

Q. Did you reject any goods from the Auburn Woollen Mills?—A. About a thousand yards but not for strength; it was for stains in material.

Sir CHARLES DAVIDSON: What has been your experience as to the service given by your sealed pattern goods?

The WITNESS: We have been complimented right up to the present day on the quality of the cloth. By actual test, it is ahead of the British War Office cloth. There has not been a single complaint of our cloth as far as I am aware.

By Mr. Thompson, K.C.:

Q. Do you know of any test I could apply to determine the percentage of shoddy in the sealed pattern?—A. I would say that there is no test to be applied.

Q. Is there any test to be applied to the Auburn cloth to determine the quantity of shoddy?—A. No test.

Q. Then, does it purely come to this, that we are at the mercy of the manufacturer?—A. No, it does not. We are protected by this testing machinery of ours. The cloth has to pass our inspection. If it passes our inspection we are quite satisfied that the material is reasonably near to our standard.

Q. Mr. Watson said that he believed the margin of safety was 25 per cent of shoddy and Mr. Kendry stated that he employed 40 per cent?—A. We have no way of determining the exact proportion used but whether it contains 40 per cent, or 20 per cent or 15 per cent, as long as it complies with our test, we have nothing further to say.

Q. Have you any method of determining whether it is pure wool stock that is employed by the manufacturer?—A. If cotton were used to any extent, the cotton specks would appear in the material.

Q. Do you examine for that?—A. We have had occasions when we have had to reject material on that account, but not from the Auburn Company. At the same

[Ottawa, Military Cloth—Burns.]

time an occasional speck may appear but it is quite legally there. For instance, a piece of cotton twine, or something, may get into a pure wool batch where there is not even wool stock used. Where there are very few specks we pass them over.

Q. What do you say as to exhibit 4-A; is that a good quality or a poor quality of shoddy?—A. I do not know it as shoddy; I know it as wool stock.

Q. You shy at the name of shoddy also, I suppose?—A. I do not know it under the name of shoddy at all.

Q. What do you call shoddy?—A. Old rags chopped up. The true name of it is wool stock.

Q. What would new rags chopped up be?—A. Wool stock.

Q. What would belly wool, or neck wool, be?—A. Pure wool.

Q. Would that be wool stock?—A. No.

Q. Pure wool?—A. Pure wool.

Q. Would belly wool and neck wool be about the same as the wool that comes off the cards of good quality?—A. No, wool stock is stock that has gone through some part of the process of manufacture.

Q. Do you consider exhibit 4-A as pure wool?—A. Pure wool, yes, sir; that is all wool, not new wool.

Q. It is not adulterated?—A. It is not adulterated.

Sir CHARLES DAVIDSON: It appears from your evidence of yesterday that you received 255,966 yards from this company.

The WITNESS: 225,966 yards are the exact figures.

Sir CHARLES DAVIDSON: How much of that have you in stock now?

The WITNESS: None at all.

Sir CHARLES DAVIDSON: What have you converted it into?

The WITNESS: Great coats and cloaks. The cloak is the great coat for the mounted men.

Sir CHARLES DAVIDSON: How many of those great coats and cloaks have you in store?

The WITNESS: I cannot say. We turn them over, after inspection, to the Ordnance department which stores them.

Sir CHARLES DAVIDSON: You manufacture them?

The WITNESS: No, they are manufactured outside.

Sir CHARLES DAVIDSON: What do you do with the stuff you receive?

The WITNESS: Ship it to the contractors for clothing.

Sir CHARLES DAVIDSON: Who is the officer who could speak as to the service given by the overcoats and cloaks?

The WITNESS: I suppose that I myself would be as well qualified as anybody because all complaints about clothing come to me in the natural course.

Sir CHARLES DAVIDSON: What has been your experience as to overcoats and cloaks?

The WITNESS: I have not had one single complaint since the outbreak of the war as to the quality. I have had complaints as to the dye. Dyestuffs cannot be procured now. You get dye in shoddy. But as to the quality of the material which goes to make up the garments I have not had one single complaint.

Sir CHARLES DAVIDSON: Could you give any general idea as to how many overcoats and cloaks the 225,966 yards have produced?

The WITNESS: 75,322 garments.

Sir CHARLES DAVIDSON: Have you any idea of how many of these have been in foreign service?

The WITNESS: I presume they all have because they are pressing us for more great coats at the present time.

Sir CHARLES DAVIDSON: You spoke, as I understood it, of your sole inspection consisting of a test as to the standing weight?

The WITNESS: Strength, weight and finish. The goods are tested for all three.

Sir CHARLES DAVIDSON: What as to colour?

[Ottawa, Military Cloth—Burns.]

The WITNESS: That comes under the inspection for finish. Since the outbreak of the war, on account of the dye situation, our inspection in that particular is not so rigid.

Sir CHARLES DAVIDSON: Do you weigh them too?

The WITNESS: Yes, sir.

Sir CHARLES DAVIDSON: Every piece?

The WITNESS: Not every piece but a piece out of every case, which may contain six or seven pieces, and that is considered quite sufficient.

Sir CHARLES DAVIDSON: What as to warp and weft?

The WITNESS: The strength test again, sir.

Sir CHARLES DAVIDSON: These are tested?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What as to elasticity?

The WITNESS: That we do not pay a great deal of attention to. It is not essential in any way. I mean that we do pay attention to it but we only test it for that occasionally.

By Mr. O'Connell:

Q. How did you find the tests in regard to the frieze from the Auburn Woollen Mills? On the average, about what percentage of goods will pass when you make this test?—A. Unless the inspector objects we hear nothing about it.

Q. There has never been any objection made to you?—A. Yes, I have had some. The inspector's instructions are very definite. We fix a minimum breaking strength at 60 pounds per square inch; that is on the testing machine supplementary to this large one. The expense of keeping on testing with a piece one-third of a yard in extent is quite considerable and therefore we have a supplementary machine that takes the square inch test.

Q. You were going to tell me how your tests work out?—A. The inspector's instructions are very definite. If a piece does not comply with the strength test in every way he has to report it to me. If a piece goes two, or three or five pounds under I would perhaps say, if in the warp or filling there was a compensating difference over and above what is required the other way, that I would pass it. The inspector has no power to do that.

Q. Has that occurred in some instances with thin cloth?—A. Very few.

Q. With the exception of these two cases I suppose we may safely presume that the cloth was passed in every instance without objection from your inspector?—A. As far as I know.

Sir CHARLES DAVIDSON: Have you had disputes?

The WITNESS: Over the material, do you mean, sir?

Sir CHARLES DAVIDSON: Yes.

The WITNESS: I have had on account of colour, I had some time ago on account of weight, but I am almost positive that it was some trivial thing in any case.

Sir CHARLES DAVIDSON: Has any pressure been put upon you in any way to accept goods you thought ought not to be accepted?

The WITNESS: No, sir. The minister and everybody else told me time and again not to accept anything that I was not satisfied with; that is when appeals have been made to him that I was rather harsh with the contractors.

By Mr. O'Connell:

Q. I find that the specification says that the articles shall be similar and equal in every respect to the sealed pattern in the possession of the Minister. I presume the tests you are making and which you have already described to us are made for the purpose of ascertaining that the article is similar and equal in every respect to the sealed pattern?—A. These tests are to determine that.

Q. And having applied these tests, how do you determine the question in regard to the cloth supplied by the Auburn Woollen Mills Company?—A. They have complied reasonably with the requirements of the test.

Q. Therefore, you have ascertained that they are similar to and equal in quality to the sealed pattern?—A. As far as I have any knowledge of it. If the inspector is satisfied that it stands the test he never refers it to me; therefore I never see it.

Q. So that it has been determined, either by you or by the inspector, after inspection that the goods supplied by the Auburn Woollen Mills Company are similar to, and fully equal in every respect, to the sealed pattern?—A. I am quite satisfied of that.

Sir CHARLES DAVIDSON: What effect would it have had upon your judgment as to the acceptance or rejection of these goods, had you known that 40 per cent of wool stock, otherwise called shoddy, was used in their manufacture?

The WITNESS: It would not have affected the matter at all because we have known since the sealed pattern was adopted that there was wool waste in the standard. It is considered good enough. There is no reason why we should buy a more expensive quality when that is quite satisfactory for our purposes.

By Mr. O'Connell:

Q. Did you know all along that wool stock was being used in the manufacture of that cloth?—A. Yes.

Sir CHARLES DAVIDSON: But your specification provided for pure wool.

The WITNESS: That was not the specification. That is the specification that is being prepared now for the future. It should not have come here. When I asked for the specification my clerk gave me this.

By Mr. Thompson, K.C.:

Q. Why this change?—A. I do not know whether there will be a change or not. This question is up and for the protection of the department I am going to put it up to the quartermaster-general, who is responsible, to say whether he wants to pay \$1.50 more a yard or whether he is satisfied to go on as we have been doing.

Q. What raised some doubt in your mind as to the efficiency of the old specification?—A. There is no doubt in my mind as to that being satisfactory material.

Q. If it is quite satisfactory why should there be any change?—A. It was my duty to bring to the attention of the quartermaster-general.

Q. Bring this particular question that is now raised?—A. This present question.

Sir CHARLES DAVIDSON: For absolutely pure wool cloth what would be the difference in price?

The WITNESS: Now, it would cost from 75 cents to \$1 a yard more than we are paying for it.

Sir CHARLES DAVIDSON: That is \$1.55.

The WITNESS: No, we have paid from \$1.55 to \$1.95 for what this company has been supplying.

By Mr. Thompson:

Q. Have you an inspector at the mills?—A. We have had since the 7th or 9th of March.

Q. He is not in court to-day?—A. No, sir. He was sent there before we knew anything about this complaint; it was not as a result of this complaint he was sent there. It is just that I have been employing inspectors if I could get them. It so happened that eight or ten days before this complaint came in I was able to get hold of this man.

Sir CHARLES DAVIDSON: Do you put them as far as possible in all the mills?

The WITNESS: I am trying to do that. Just as fast as I can get men that I consider reliable I am doing that.

Witness retired.

GEORGE H. SMITH, sworn.

Examined by Mr. Thompson, K.C.:

Q. What is your business?—A. Manufacturer of wool stock and shoddy?

Sir CHARLES DAVIDSON: What is your company?

The WITNESS: The Smith Manufacturing Company.

By Mr. Thompson, K.C.:

Q. I understand that you have supplied, or sold to, the Auburn Woollen Mills Company a considerable quantity of material manufactured into cloth by them?

—A. We have.

Q. Have you sold them wool stock?—A. Yes.

Q. Will you describe what wool stock is?—A. Wool stock is composed essentially of new clips.

Q. What do you mean by new clips?—A. Cutting from such garments as these. Clothing contractors dispose of their cuttings from cloth and the stock is made from those.

Q. Do you make up your wool stock from the clippings?—A. Yes.

Q. That is your business?—A. That is my business.

Q. When you refer to wool stock, is your wool stock made entirely from new clippings?—A. Yes.

Sir CHARLES DAVIDSON: You do not use old garments?

The WITNESS: No, not for this kind of stock.

By Mr. Thompson, K.C.:

Q. Have you used any such old garments for any wool stock supplied to the Auburn Woollen Mills Company?—A. No, sir.

Q. You are quite positive about that?—A. Quite positive.

Q. This Exhibit 4-A, I understand, has come from the Auburn Woollen Mills Company and was, I think, purchased from your company?—A. Yes, I think so.

Q. What do you say as to the quality of this Exhibit 4-A as compared with other wool stock sold by your company to the Auburn Woollen Mills Company? Is this as good, better, or otherwise?—A. You mean the same kind of stock?

Q. Yes?—A. I have never examined that.

Q. Is that better quality than you have been supplying?—A. It is about the same.

Q. Have you supplied some worse than that?—A. I do not know that I have. It is all made from one line of goods. It is to all intents and purposes the same stock.

Q. Have the Auburn Woollen Mills Company recently purchased wool stock of a higher grade than they were buying six months ago?—A. No, the same stock.

Q. At the same price?—A. No, the price has varied from time to time.

Q. For how long have they paid a higher price?—A. I guess it is about six or eight weeks ago since there was a change in price.

Q. Is that when they made their new contract?—A. No, it was when they happened to run out.

Q. They are still operating under their last contract, I understand?—A. Yes.

Q. Have any consignments recently been billed to the Auburn Mills Company at a higher price than the contract price?—A. No.

Q. You say that this exhibit 4-A is a fair sample of the wool stock you have been supplying the Auburn Woollen Mills Company since the declaration of war?—A. It is.

Q. There is no doubt about that?—A. No doubt about it at all.

Q. What do you call shoddy? Do you call shoddy a material similar to Exhibit 4-A which is made from old garments?—A. Any kind of stock made from old garments; any kind of stock made from old rags is called shoddy.

Q. It would be wool material?—A. There is also cotton shoddy as well as wool shoddy and mixtures of the two.

Q. But you would describe shoddy as material which would be made into yarn coming from garments which had been worn?—A. That is the idea.

Q. Wool stock, you say, is not shoddy but is a material made from cloth which has not been made into a garment?—A. Yes.

Q. Is there a difference in the wearing qualities of the two?—A. Yes.

Q. To what extent?—A. It depends altogether on the grade in either case.

Q. What is the difference in your price for shoddy and wool stock?—A. It depends entirely on the quality.

Q. Is there shoddy which appears very nearly the same in price as your wool stock?—A. Yes.

Q. So that, if it is a good quality of shoddy made from old garments, it might cost the Auburn Woollen Mills Company almost the same as wool stock?—A. It depends a good deal on the colours; in some colours it would particularly at the present time.

Q. It does not depend altogether on quality?—A. Not altogether.

Q. So that as I understand it there might be a shoddy which would be greater in price than all wool stock?—A. Sometimes. A white stock in shoddy is always expensive because it comes nearer to the grade of wool. It can be used almost any place where wool can be used but the same does not apply to colours. Mixed colours are generally cheaper than solid colours. Dye-stuffs are so high in price as to make the dyeing of goods very expensive.

Q. The price is dependent more on the use that may be made of the material by the purchaser than upon the quality?—A. Both have a tendency to make the price high or low.

Q. Will white shoddy have as good wearing qualities as Exhibit 4-A?—A. The colour would really make very little difference.

Q. Would white shoddy from material made from worn garments have the same wearing qualities as Exhibit 4-A which is made from new clippings?—A. No.

Q. Have you supplied any shoddy at all to the Auburn Woollen Mills Company since the declaration of war?—A. Yes.

Q. How much?—A. Not a great deal.

Q. About how much?—A. A very few thousand pounds, but not in khaki colour.

Q. Or in colour?—A. It is used for making meltons in the regular trade.

Q. Do you know whether they have a dying plant at the Auburn Woollen Mills?—A. Certainly, they have.

Q. They might use that in making cloth for overcoatings?—A. No, because it is a different quality altogether. It is made for meltons. It is very fine grade of shoddy that is used in melton cloth. It could not be used for making this cloth.

Q. Did you supply any khaki shoddy?—A. No.

Q. I mean shoddy within your explanation of the word?—A. No.

By Mr. O'Connell:

Q. There are some qualities of new wool, I suppose, as cheap as your wool stock?—A. Yes.

By Mr. Thompson:

Q. Could you tell me the price of this wool stock?—A. At present the price is 31 cents. The price is changing about every day now.

Q. What was it at the declaration of war?—A. About 25 cents.

Q. What was it before the declaration of war?—A. It was in the neighbourhood of 20 or 21 cents. There was no great demand then.

Q. It had risen from 21 to 25 cents?—A. Yes, sir.

Q. And pure long wool?—A. It is up to about 70 cents a pound.

Q. And at the declaration of war?—A. I judge wool would be 10 or 15 cents a pound cheaper, but there are a great many variations in the qualities of wool. I have lots of the pure raw material, that is wool that has not been used, that I could sell cheaper than that. The price of wool varies from 20 to 90 cents a pound when

[Ottawa, Military Cloth—Smith.]

you get into the very fine merino wool. When you speak of wool it is hard to get down to a definite price because there are so many qualities.

Q. What was the average price of good quality of shoddy before the declaration of war?—A. In the neighborhood of from 18 to 20 cents. That was about the average price. Of course stock stuff for years has been advancing in price.

Q. And wool stock was about 21 cents before the declaration of war?—A. Yes.

Q. What is the price of a good quality of shoddy at the present time?—A. The price will average from about 20 cents to over 30 cents.

Q. There is not much difference then in the price between shoddy and wool stock?—A. In general terms there is not a great deal of difference. Even white stock made from an underwear garment of a good quality comes high.

Q. What would that be in shoddy?—A. About 30 cents.

Q. What would your average shoddy be?—A. In the neighborhood of from 28 to 30 cents. Our demand to-day is very largely in stocks for cloth and for blankets.

Q. Then your average price for shoddy is about the same as for all wool stock?—A. A difference of 4 or 5 cents a pound.

Q. You said 28 to 30 cents for shoddy.—A. When there are several hundred grades of shoddy, it is hard to say what the average price would be.

Q. You state that Exhibit 4-A is 31 cents a pound?—A. At the present time.

Q. And shoddy 28?—A. 25 to 28 cents or thereabouts.

By Mr. O'Connell:

Q. Do you have an extensive business in this wool stock?—A. We have.

Q. Do you sell to the trade generally in the country?—A. We do.

Q. For the purpose of manufacturing it into military cloth?—A. Yes.

Q. Practically all the mills in the country are purchasing this?—A. Practically all.

Q. And using it for this purpose?—A. Yes.

Q. What purpose does it serve, do you know, in the manufacture of frieze cloth? Are you qualified to speak about that?—A. Yes.

Q. You have had experience of the trade in this country?—A. Yes. It depends a good deal on what they are after. If they want a full cloth of an elastic nature and something that has body to it, it is essential to use wool stock leaving the price out altogether. Any saving in the price does not affect it. New wool stock might be more expensive than wool and they would have to have wool stock in order to make the cloth full and weighty. They need it for fulling purposes.

Q. Does that apply to frieze overcoats?—A. Yes, particularly.

Q. So that it is essential to have it for that purpose whatever the price may be?—A. Absolutely.

Q. They might be improving the quality of the cloth by the use of that?—A. Yes, in making felt, which is really the limit of a wool-made felted fabric, they cannot make a hard, fine felt without using wool stock. They cannot make hat felt having body without a large percentage of short stock. It fills up between the fibres of the wool and does away with the spongy, raggy feel and gives what toughness and hardness is required. You cannot get that otherwise leaving the question of price out of consideration altogether.

Q. Does that apply equally to frieze for overcoatings?—A. To a limited extent.

Q. But it is necessary, nevertheless, for the manufacture of cloth for frieze?—A. Yes.

Q. What proportion of this wool stock do you think might be properly used in the manufacture of frieze cloth?—A. If a high grade and suitable wool is the other component part, I would judge that a mixture of 40 per cent would not be too much provided the wool stock is of a high grade. Of course, if you used a lower grade of wool, you would have to cut down the percentage of wool stock. But if a high grade of wool is used, 40 per cent would not be too much.

Q. Do you know what is called B. Super Swift?—A. Yes.

Q. What grade of wool is that?—A. That is a high grade wool.

Q. Is that your own wool?—A. No, we do not sell it, but that is a standard wool—the world over.

Q. It is sold by name without sample?—A. Yes.

Q. The name guarantees the quality?—A. Yes.

Q. What quality is your wool stock?—A. It is made from similar wool: from garments which have been made from similar wool.

Q. Is it of good quality?—A. The very best.

Q. And, of course, all wool?—A. ———

Sir CHARLES DAVIDSON: Why do they destroy new garments for the purpose of making wool stock?

Mr. O'CONNELL: It is the clippings in cutting out cloth in making clothes.

By Mr. O'Connell:

Q. This is made, as I understand it, from clippings of khaki cloth?—A. Yes.

Q. And in every instance nothing but new clips are used for that purpose?—A. Yes.

Q. And the khaki that is used is all the same material as that which is supplied to the Department?—A. The same material.

Q. Assuming that they used B. Super Swift wool and your wool stock in the process of manufacture, how much of that wool stock could they use and still make good cloth up to the requirements of the Department?—A. Provided the process was properly carried through, the filling and the proper twist of the yarn, I should judge about 40 per cent.

Q. Assuming they start out by using 60-40 or 50-50, is there any of the wool stock lost before it reaches the finished material?—A. Yes, quite a lot.

Q. Is there any of the new wool lost?—A. Very little.

Q. How much of the wool stock used would be lost in the process of manufacture?—A. I should judge between 15 and 20 per cent.

Q. That wool stock would be lost during the process of manufacture?—A. Yes.

Q. If you started with 50-50, it would result in your having a finished material consisting of 20 or 30 per cent of wool stock and 50 per cent of new wool?—A. Yes.

Q. In the finished article?—A. Yes.

Q. How is it that the wool stock is lost in the process of manufacture and not the new wool?—A. In the first place, they scour the wool; the wool is absolutely clean; all foreign matter is eliminated from the raw virgin wool, whereas the wool stock contains about 10 per cent of oil—regular wool oil—put into the clips to assist in the process of manufacture. If you put clips through the machine without oiling them it would grind them to pieces; there would be no fibre left. It is essential to oil them for lubricating purposes; otherwise they would not go through. That is all eliminated in the scouring process afterwards and it is lost.

Q. So that you start the process with oil in the wool stock and without oil in the wool?—A. Yes.

Q. How much is lost owing to the oil?—A. Ten per cent. It is one gallon of oil to the hundred pounds and oil weighs about nine pounds to the gallon.

Q. You lose nine pounds to the hundred?—A. Yes.

Q. Is there any portion of the wool stock lost from any other cause?—A. Yes, being shorter in the fibre than the virgin wool, it drops out in the machine, or under the cards, and is not saved. Being a little shorter in fibre, a greater quantity of the wool stock drops out than of the wool in the process of manufacture. A lot is lost in the fulling, as the shorter fibres come out in the severe mechanical process.

Q. Your estimate is that they lose from 20 to 30 per cent?—A. I would say that 20 per cent would be a conservative estimate of the loss of wool stock going through.

Q. If you started the process with 50-50 it would result in a finished article containing 50 per cent of new wool and 30 per cent of wool stock?—A. About that.

Witness discharged.

[Ottawa, Military Cloth—Smith.]

CHARLES BURNS, already sworn, recalled.

Examined by Mr. Thompson, K.C.:

Q. Take Exhibit No. 8, how do you know it is the product of the Auburn Woollen Mills Company?—A. I know it is from the Auburn Woollen Mills Company because this is one of the shipments that arrived after this complaint had been made and I notified the inspectors very particularly that I wanted to see that shipment of goods and the test of it. Then I had it sealed so that the seal could not be put on any other piece.

Q. When was it received?—A. It was on the 27th of March that it was reported. Possibly it was received on the 26th.

Q. When was this cloth, of which Exhibit 8 is a part, shipped from the Auburn Woollen Mills?—A. Not later than the 9th of March. I cannot say just what day, but not later than that.

Q. What was the date of the complaint?—A. The 13th, 14th or 15th of March; I am not positive of the date.

Q. You returned from Peterborough on the 26th of March?—A. On Monday, yes.

Q. Would it have been several days before that that the complaint was made?—It was on the Wednesday or Thursday before that.

Q. Had Exhibit 8 been shipped from the mills before you went to Peterborough?—A. Some days before.

Q. What about Exhibit No. 5?—A. That was examined by our inspector who is in the mill now after the complaint had been made.

Q. And shipped by him to you?—A. Shipped by him direct to the manufacturer of great coats.

Q. Shipped to the manufacturer of great coats?—A. Exactly; it is not shipped to Ottawa. He shipped samples of it for proof.

Q. Then the manufacturers send it to you?—A. They send it to us in the shape of great coats.

Q. You do not know whether it comes from the Auburn Woollen Mills or not?—A. It came direct from our inspector to me.

Q. He took a sample for you?—A. For that purpose.

Q. Who put this tag on?—A. Mr. Greaves, but I have initialled it.

Q. You are sure that this piece came from your inspector?—A. Positive.

Q. When did you receive Exhibit 5?—A. On the 29th of March.

Q. Take Exhibit No. 7?—A. That was received in the same way on the 30th.

Q. From your inspector at Peterborough?—A. Yes, sir. This Exhibit 7 was received on the 30th.

Q. Exhibit 7 was received on the 30th of March?—A. Yes.

Q. What about Exhibit No. 6?—A. On the 31st of March.

Q. At your department?—A. Yes.

Q. From whom?—A. W. E. Orr, the inspector who is now at the Mills.

Q. And he will be available for examination at Peterborough?—A. Yes, as far as I know he is there.

Sir CHARLES DAVIDSON: Have you received any sample before this complaint?

The WITNESS: No, sir, unfortunately, there was such a rush for garments that immediately on our inspection of the material it was shipped out to the manufacturer.

Sir CHARLES DAVIDSON: Is there anything that you can produce, or that can be produced, for us?

The WITNESS: Nothing that I know of. The manufacturers are not confined to one particular mill. We might get the product of any one of a dozen mills.

Sir CHARLES DAVIDSON: Is there no possibility of getting that?

The WITNESS: Not that I can see, or that I would care to take the responsibility of saying was the same as the Auburn stuff.

By Mr. Thompson:

Q. It seems a little curious that this piece, which was received by you on the 27th of March, should have been shipped before the 13th. It would take about two weeks from Peterborough to Ottawa?—A. We have had stuff three or four weeks on the way since these heavy snow storms. I think our inspector could tell you about that.

Q. He could state when he shipped it?—A. I think he could. He could state when I was asking for this shipment. We had noticed before the complaint was made and I demanded that before anything was done with it I should see it.

By Mr. O'Connell:

Q. What is the number of that exhibit you are referring to now? Six or seven?—A. No. 8. This is a sample of a shipment made direct from the mills to the department at Ottawa, a sample that was taken by the inspector of the department at Ottawa from the shipment and handed to me. The inspector's name is Charles Ferrill.

Witness retired.

CHARLES FERRILL, sworn:

Examined by Mr. Thompson, K.C.:

Q. I understand you are an inspector of clothing in the Militia Department?—A. Yes, sir.

Q. Will you look at Exhibit No. 8? Mr. Burns states that the Auburn Woollen Mills Company made a shipment of cloth to Ottawa which was received here on the 27th of March and that this sample, Exhibit No. 8, was taken from that shipment by you?—A. By me, by Mr. Burns' instructions.

Q. Are you perfectly sure that Exhibit No. 8 is a sample of the cloth you received on the 27th of March?—A. I am quite sure.

Q. When was that cloth shipped from Peterborough?—A. On March 7.

Q. It was shipped from Peterborough on March 7?—A. The invoice was dated March 7.

Q. But when was it shipped?—A. I could not tell you; that is the invoice.

Q. It would indicate that the cloth was shipped on March 7?—A. Yes.

Q. There is no doubt in your mind that this sample is a part of the shipment made on the 7th of March?—A. No doubt.

Q. You are perfectly sure?—A. Perfectly sure.

Q. There could be no mistake in having one piece confused with another?—A. I should not think so.

Q. I do not mean to say confused here but in your department?—A. None whatever.

Q. Do you make a test of cloths when they arrive?—A. Yes.

Q. Have you tested samples from the Auburn Woollen Mills?—A. Yes, for shade.

Q. For strength?—A. Yes.

Q. For width?—A. For width.

Q. And shade?—A. And shade.

Q. I think Mr. Burns said that they rejected a thousand yards.—A. For imperfections.

Q. Was the balance of the cloth up to sealed pattern?—A. Yes, I think it was.

Q. I suppose you are not an expert on woollen cloth?—A. I would not like to say I was; I never professed to be.

Q. There were two witnesses who said that there was more, calling it by the hard name of shoddy, and not by the gentle name of wool stock, in the Auburn Mills output than in the sealed pattern No. 33.—A. There might be, but there is pretty good stock in the Auburn goods. I think I was justified in accepting it.

[Ottawa, Military Cloth—Ferrill.]

Q. Although it is possible there was more wool stock or shoddy in it?—A. Yes, it is possible.

Q. Would you attempt to say what difference, if any, there was between the two?
—A. I would not like to say.

Q. Is it pretty difficult to ascertain that?—A. It is pretty difficult.

Q. Do you know of any test that we can apply?—A. Nothing better than the strength test.

Sir CHARLES DAVIDSON: According to the strength test how much shoddy is there in it?

The WITNESS: If it stands sixty pounds to the inch I would not like to say there was much shoddy in it.

By Mr. Thompson:

Q. Would there be 10 per cent of shoddy?—A. There might be that or there might be more.

Q. Will it stand 20 per cent of shoddy?—A. Yes.

Q. Will it stand 30 per cent?—A. I could not tell you that.

Q. Will it stand 60 per cent?—A. It depends a good deal on the wool stock also. If you have a good class of wool it will carry the shoddy much better than a poor class of wool.

Q. I suppose it depends upon the quality of the new wool also?—A. Certainly.

Q. If you have a very good quality of wool you can have more shoddy, or a poorer quality of shoddy, and still get through the strength test?—A. I do not think that.

Sir CHARLES DAVIDSON: Would you be surprised to learn that there was 40 per cent of wool stock or shoddy in it?

The WITNESS: No.

Sir CHARLES DAVIDSON: Had you known it what would you have done?

The WITNESS: I would be surprised to see that there was 40 per cent of shoddy in it.

Sir CHARLES DAVIDSON: I am speaking of wool stock Exhibit No. 4-A.

The WITNESS: It would surprise me a little.

Sir CHARLES DAVIDSON: Would you have accepted it?

The WITNESS: I would have no reason to reject it.

Sir CHARLES DAVIDSON: Would you have rejected it if you had known there was 40 per cent of this material Exhibit 4-A, in it?

The WITNESS: If I knew the exact wool that was in it—

Sir CHARLES DAVIDSON: Forty per cent of this 4-A?—(Witness examined Exhibit No. 4-A.)

The WITNESS: Yes, I think I would.

By Mr. Thompson:

Q. Would you pass it with 50 per cent of this material, Exhibit 4-A?—A. No, I do not think so.

Q. At what point between 40 and 50 per cent would you break?—A. I would not like to go over 40 per cent.

Sir CHARLES DAVIDSON: At what point would your test fail?

The WITNESS: There are two different ways of doing that. You can put a little more twist in your yarn and keep your strength up.

Sir CHARLES DAVIDSON: How much twist did the Auburn people put in their yarn.

The WITNESS: The more twist you have the stronger and harder it makes it.

Sir CHARLES DAVIDSON: If they put plenty of twist in it they can use a higher quantity of shoddy?

The WITNESS: You cannot go beyond a certain amount. There is a happy medium.

Sir CHARLES DAVIDSON: What is the happy medium and what is the unhappy breaking point in percentage?

The WITNESS: I could not tell you that.

Sir CHARLES DAVIDSON: Did you find any of the Auburn output break?

The WITNESS: They come up to our specifications.

Sir CHARLES DAVIDSON: If it is given a good twist does it wear better?

The WITNESS: I could not tell you that.

Sir CHARLES DAVIDSON: Up to a certain point, if it is given a good twist will it stand up better under the breaking strain?

The WITNESS: I suppose it would.

By Mr. O'Connell:

Q. How do you find the material supplied by the Auburn Woollen Mills Company as compared with the product of other mills?—A. Equally as good.

Witness retired.

Mr. GREAVES, recalled.

Examined by Mr. Thompson, K.C.:

Q. There is one question I want to ask, Mr. Greaves, how soon after the outbreak of war did the Auburn Woollen Mills Company begin to put shoddy in their cloth?—A. From the start; from the first contract.

Q. Do you recollect when the first contract was made?—A. I could not within a few days but it was very soon after the start of the war.

Mr. THOMPSON: I put in now a copy of their contract. The first one was apparently on the 8th February, 1915. (Contract put in and marked Exhibit No.).

Witness retired.

Mr. BURNS, recalled:

Examined by Mr. Thompson, K.C.:

Q. When was the first order given to the Auburn Company?—A. On the 8th February, 1915.

Mr. O'CONNELL: We admit that to be the date of the first order.

Witness retired.

Mr. GREAVES, recalled:

Examined by Mr. Thompson, K.C.:

Q. Do you recollect making any cloth before the 8th February, 1915?—A. Certainly, but it might not have been frieze. It is possible that the first frieze may have been made on that date.

Q. Are you sure they used what you call shoddy before February a year ago?—A. I would not say that but certainly they used it in the frieze.

Q. Your complaint, I understand, refers entirely to the frieze?—A. —

Witness retired.

Mr. SMITH, recalled:

Examined by Mr. Thompson, K.C.:

Q. What has caused the increase in the price of what you call wool stock?—A. It has been the consistent demand for English purchase. The British Government and [Ottawa, Military Cloth—Smith.]

the manufacturers there are wanting these cloths and they have come into competition and boosted the price and we have to meet the competition to get the stuff.

Q. Where do you get it?—A. From dealers, who, in turn, get it from tailors, cutters, and so on.

Q. Where are the dealers?—A. In Toronto, Montreal and plenty of other places. There has been a consistent demand ever since the outbreak of the war.

Witness retired.

The Commission thereupon adjourned to meet at Peterborough, Ontario, Thursday, April 6, at 10 a.m.

PETERBOROUGH, Ontario, Thursday, April 6, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

R. P. WATT, late assistant in the office of the Auburn Woollen Mills Company, Limited, of Peterborough, sworn:

Examined by Mr. Thompson, K.C.:

Q. I understand that you are, or were quite recently, an employee——

SIR CHARLES DAVIDSON: I would like his position and duties. Are you examining him as a military man?

MR. THOMPSON: No, sir.

By Mr. Thompson:

Q. I understand you are, or were quite recently, in the employ of the Auburn Woollen Mills Company?—A. Yes.

Q. In what capacity?—A. Assistant in the office, and I can hardly say—Jack-of-all-trades in the mill. I had charge of the shipment of goods—supervised the shipment of goods.

Q. Have you a knowledge of the manufacturing process?—A. No, sir.

Q. Would your duties take you into the mill to such an extent as to give you a knowledge of what was going on in the mill?—A. To a certain extent.

Q. How long have you been in the employ of the Auburn Woollen Mills Company?—A. About ten years.

Q. Do you know anything about the proportion of wool and shoddy which enter into the manufacture of freize cloth sold to the Militia Department?—A. I do not know.

Q. Do you know anything about cotton specks appearing in the cloth?—A. I know of specks appearing, but could not say what they were.

Q. Might they have been cotton?—A. I would not say.

Q. Did you see them in all the samples?—A. No, sir.

Q. In how many?—A. I am not prepared to swear to that.

[Peterborough, Auburn Woollen Mills—Watt.]

Q. About how many?—A. I could not say; I could not give the number at all.

Q. Did you see it in half the cloth supplied to the Militia Department?—A. No, sir.

Q. Did you see it in a quarter of the cloth supplied the Department?—A. No, sir.

Q. Did you see it in one-eighth of the cloth supplied the Militia Department?—A. I could not say.

Q. In how many samples of cloth did you see any specks?—A. That I could not say.

Q. What directed your attention to the specks?—A. Just in noticing them being pulled over the perch in the finishing room.

Q. How many occasions would you be in that room?—A. Every day.

Q. If there were a few specks, would your attention be directed to the cloth, or only when there were a number of specks?—A. My attention would not be directed to the cloth but just simply in passing a piece I might happen to notice it.

Q. Would it be in then, say, a quarter of the cloth you noticed these specks?—A. I would not say—in fact, I could not say.

Q. Would you be in the finishing room every day?—A. Almost every day.

Q. Would a quantity of cloth be made that you would not see going through that process?—A. There might be lots of cloth I would not take any notice of.

Q. And there might be lots made with specks that you would not see?—A. Yes.

Q. Has there been an inspector of the Government at the mills since the declaration of war?—A. Yes.

Q. Has he seen or inspected all cloth made by the Company?—A. Not to my knowledge—not while I was there.

Q. Do you mean to say you do not know whether it was inspected or you do know some was not inspected?—A. I know some was not inspected while I was there.

Q. I understand a number of carloads of this frieze cloth was shipped from the mill—

Sir CHARLES DAVIDSON: Is that correct, an inspector has been there since the declaration of war—do you mean continuously?

The WITNESS: That is not the way I understood the question.

By Mr. Thompson:

Q. Has there been an inspector there since the declaration of the war?—A. Yes.

Q. There continuously?—A. No, sir.

Q. What intervals would he be absent?—A. That I could not say.

Q. What length of time would he be absent on one or two or more occasions?—A. I could not say.

Q. About how many batches of cloth do you remember his passing?—A. I could not say.

Q. Approximately how many?—A. That is beyond anything I had to do in this mill. I could not say.

Q. Would some cloth be made, frieze, of course, during the inspector's absence, and shipped from the mill to manufacturers, without any inspection being made here by the Government?—A. There might—I never saw the Government inspector inspect any while I was there.

Q. Might he have inspected it, though?—A. He might have.

Sir CHARLES DAVIDSON: Who was the inspector?

Mr. THOMPSON: I will find that out, sir.

By Mr. Thompson:

Q. Did I understand you to say, however, that some frieze cloth might have been made by the company and shipped from the company's premises without any inspection being made by the Government inspector at the mill?—A. There was some cloth shipped which to my knowledge was not inspected before going out.

Q. Was that frieze?—A. Yes.

[Peterborough, Auburn Woollen Mills—Watt.]

Q. Where was it shipped to?—A. Some to Mark Workman Company of Montreal, and some to the Militia Department.

Q. Without inspection? No inspection at Ottawa, as far as you know—I mean to say no sample was retained by the mill and sent to Ottawa for inspection?—A. I could not say that—it could be done without my knowledge.

Sir CHARLES DAVIDSON: When was this?

The WITNESS: Last year, sir, I left the mill last August.

Sir CHARLES DAVIDSON: To take up your military duties?

The WITNESS: Yes, sir, the end of August, 1915.

Sir CHARLES DAVIDSON: You left the mill in 1915?

The WITNESS: About the first of September, 1915, sir.

By Mr. O'Connell:

Q. Do you know when they commenced to work on Canadian Militia orders?—A. I could not say definitely.

Q. I am informed it was somewhere in February, 1915, would that be correct?—A. I would not swear to the time.

Q. You do not know the date they commenced?—A. No.

Q. This order shipped to Workman was before February, 1915?—A. I could not say—the dates would be in the shipping book.

Q. There was a British order in before the Canadian orders—do you know anything about it?—A. There was for blankets.

Q. One for khaki?—A. I do not know.

Q. This order shipped to Workman—was it shipped on account of the British order?—A. I could not say.

Q. There was a Government inspector at the mill?—A. Inspecting blankets, yes.

Q. Did he not inspect the khaki too?—A. Not to my knowledge.

Q. You cannot swear it?—A. I will not swear it.

The witness retired.

GEORGE BAIRD, sworn:

Examined by Mr. Thompson, K.C.:

Q. You are head spinner, are you not?—A. No, sir, dyer—not there at present there.

Q. As dyer what were your duties?

Sir CHARLES DAVIDSON: I would like to know when he entered and when he left.

The WITNESS: I entered—I was there 22 years.

Sir CHARLES DAVIDSON: When did you leave?

The WITNESS: Last October.

By Mr. Thompson:

Q. As head dyer, what would be your duties in the mill?—A. Dyeing the wool, yarn, pieces of cloth—anything there was to dye.

Q. Would you dye the blonded mixtures of the materials before blending?—A. I dye different colours into the blend.

Q. Do you know what the proportions in the blend were?—A. Not positively, I do not.

Q. Approximately, could you tell what the proportions were?—A. What blend are you alluding to just now.

Q. The frieze for the militia—what were the proportions in the blend?—A. I do not just remember—possibly thirty per cent of old gold—

Q. You are referring now to what?—A. I am referring to the various colours in the blend.

[Peterborough, Auburn Woollen Mills—Baird.]

- Q. But what I want to know is what proportion of wool stock was in the blend?—
 A. That was out of my department—I was not supposed to know anything about that.
 Q. Wool stock is also called shoddy, is it not?—A. Sometimes.
 Q. Was it called shoddy?—A. Just as often shoddy as wool.
 Q. Did you notice any specks in this wool stock?—A. Yes, at times.
 Q. Have you seen any finished cloth, frieze, of course, with cotton specks in it?—
 A. A few.
 Q. Anything noticeable?—A. Oh, yes, they would be noticeable at times.
 Q. Enough to attract particular attention?—A. It would attract the attention of a woollen manufacturer, an ordinary buyer would not notice it.
 Q. From the appearance of these cotton specks, would you say the wool stock or shoddy had been made from fresh pickings or from used wool?—A. Cotton specks could get into wool from fresh pickings or from old rags picked up in the yard, tread and so on might get mixed in.
 Q. Would there be any means of ascertaining, from the presence of these cotton specks, whether the wool stock was old stock or new?—A. No, not judging from the cotton specks you could not decide that.
 Q. Even if the specks were in large quantities?—A. Well, if there was thirty per cent or so of specks—
 Q. Well, in your opinion?—A. I never seen any number of cotton specks.
 Q. I presume your duties did not take you into the mill to oversee in any way the manufacture of the cloth?—A. They did not.
 Q. Your duties were simply those of a dyer?—A. Yes, sir.
 Sir CHARLES DAVIDSON: Where are you employed now?
 The WITNESS: The Higgins Hardware Company.
 Sir CHARLES DAVIDSON: In Peterborough?
 The WITNESS: Yes, sir.
 Sir CHARLES DAVIDSON: At what stage of the manufacture do you dye?
 The WITNESS: Sometimes dye the wool in the raw state, other times dye it in the yarn—very often cloth is dyed in the piece.
 Sir CHARLES DAVIDSON: What was the practice in relation to frieze?
 The WITNESS: It had all to be dyed in the raw.

By Mr. Thompson:

- Q. Before or after blending?—A. Before, certainly.
 Sir CHARLES DAVIDSON: Now what proportions, according to your judgment, was cotton stock and what proportion wool?
 The WITNESS: You mean what proportion would be all wool and wool stock?
 Sir CHARLES DAVIDSON: Yes?
 The WITNESS: Oh, possibly forty-five per cent stock—I never took particular notice—and fifty-five per cent all wool.
 Sir CHARLES DAVIDSON: Do you speak of a general average?
 The WITNESS: Yes—I am only relating to frieze.

By Mr. Thompson:

- Q. That would be generally so?—A. I think so.
 Q. Look at that wool stock—Exhibit 4-A, and tell me whether that is inferior to, equal to, or superior to the general run of wool stock used in the manufacture of frieze in the Auburn Woollen Mills?—A. Well, as near as I can see, it is very similar, with the exception that there are a few hard ends—that is the fault of the man pulling the stock.
 Q. What would the hard ends indicate?—A. Whoever fed the clippings into the wool stock has crowded his machine or the machine was not in good order.
 Q. If there were no hard ends, would the wool stock be somewhat better?—A. Not as far as specks.

[Peterborough, Auburn Woollen Mills—Baird.]

Q. I am referring to quality?—A. About similar in quality.

Q. Do you find any cotton in that?—A. I do not think there is any.

Q. Do you know anything about the government inspector being at the mill?
—A. There was one inspector there on several occasions.

Q. Continuously?—A. No, not to my knowledge.

Q. So far as you know, what would be the length of his absence from time to time?—A. It is hard for me to say—he might be there and I not know of it.

Q. You do not know, as a matter of fact, if the frieze cloth was inspected?—A. It was inspected by the mill inspector, the Auburn inspector.

Q. Do you know for a fact whether the frieze cloth was inspected by the government inspector?—A. I could not say.

Sir CHARLES DAVIDSON: How long has this mill manufactured frieze cloth?

The WITNESS: Well, it would be—I think our first orders were for serge—it was three months after the war started, possibly the middle of November, 1914, we started to manufacture frieze. We manufactured serge for the first two months.

Sir CHARLES DAVIDSON: For what?

The WITNESS: For uniforms.

Sir CHARLES DAVIDSON: As regards their previous business, had the company manufactured frieze?

The WITNESS: Not khaki frieze. They manufactured cloth very similar.

By Mr. Thompson:

Q. About what percentage of wool stock used to enter into frieze at that time—not made for the Government?—A. Good frieze fifty per cent wool.

Q. About what percentage of wool entered into frieze manufactured before the declaration of war?—A. It would depend on the price.

Q. I am asking as to the practice of the Auburn Woollen Mills?—A. It was out of my department to know what percentage went into every lot.

Q. If you know what the percentage would be, I want you to tell us?—A. I could not say.

Q. I understand as dyer you would not have a knowledge of the proportions?—A. No, sir.

Sir CHARLES DAVIDSON: Have you known of frieze to be manufactured in the mill, or other similar cloth, all of pure wool?

The WITNESS: I have, in small custom mills where they did not have expert workmen to card shoddy or wool stock, but never know of a frieze being made without wool stock where they kept competent workmen.

By Mr. Thompson:

Q. The higher the class of the mill, the more shoddy you get in it?—A. Oh, no, not altogether.

Sir CHARLES DAVIDSON: Look at the sealed pattern, No. 33, and state if you can how much, if any, wool stock is in this.

The WITNESS: I would not undertake to decide at all. It is a good piece of cloth.

Sir CHARLES DAVIDSON: Compare it with the samples, numbers 5, 6, 7, and 8 and state if you can as to how far the latter correspond with the sealed pattern.

The witness retired.

Miss MILLER, book-keeper, Auburn Woollen Mills, sworn:

Examined by Mr. Thompson, K.C.:

Q. I understand you are book-keeper at the Auburn Woollen Mills Company?—A. Yes.

Q. How long have you been in their employ?—A. About ten years.

Q. The Auburn Woollen Mills Company buy wool stock or shoddy, for manufacturing, from the Smith Manufacturing Company of Toronto?—A. Yes.

[Peterborough, Auburn Woollen Mills—Miller.]

Q. Have the Auburn Woollen Mills Company made any complaint in writing or otherwise to the Smith Manufacturing Company with regard to the quality of the wool stock or shoddy supplied them by the Smith Manufacturing Company?—A. I could not say.

Q. Do you know of any?—A. They may have at some time.

Q. I am referring to since the declaration of war?—A. I do not think so.

Q. Would the records in the books show?—A. Perhaps the letter-book would.

Q. You seem to have some doubt about it?—A. I do not think so; I do not think there have been any complaints.

Q. If any complaints were made, you would be the one to know about it?—A. Yes.

Q. I wish you would ascertain that, would you?—A. Yes.

Sir CHARLES DAVIDSON: Are you going to examine this lady as to prices?

Mr. THOMPSON: Either Miss Miller or someone else, as to the books and refer to the Smith invoices and the entries in the books.

By Mr. Thompson:

Q. You would have a knowledge of that?—A. Yes.

Mr. THOMPSON: The books are not here, Mr. Kendry.

Sir CHARLES DAVIDSON: I would be quite prepared to take the statement of Mr. Kendry.

The WITNESS: I have some invoices here.

By Mr. Thompson:

Q. Invoice of April 1st, 1916—I suppose that is the last invoice?—A. I think so; I think it would be the last.

Q. I see this invoice reads—"7 bales new garnetted khaki waste—price 31c." "February 28/16 from the Smith Mfg. Co., "4 bales khaki carding." Why is one called bales of khaki carding and one bales of new garnetted khaki waste?—A. I do not know, unless there is a little difference in the process.

Q. I find here an invoice, February 28th, 1916—

Sir CHARLES DAVIDSON: Did that last invoice state the price?

The WITNESS: Thirty-one cents.

By Mr. Thompson:

Q. Invoice of February 28th, 1916—"10 bales khaki carding, 31c."

Sir CHARLES DAVIDSON: Is that the earliest?

Mr. THOMPSON: That is all she has here, sir.

By Mr. Thompson:

Q. How has the material from the Smith Company been invoiced?—A. That is the way it has been written up.

Q. In all cases?—A. I think so. It is the same stock and it would be all written up the same.

Q. Had it been invoiced differently the invoices would show it?—A. Yes.

Q. Would you get somebody to bring other invoices down?—A. Yes.

Sir CHARLES DAVIDSON: Any statement made by Mr. Kendry we will accept. We will accept your statement, Mr. Kendry, as beyond question.

By Mr. Thompson:

Q. Will you bring your letter-book down?—A. Yes.

The witness retired.

GEORGE BAIRD, already sworn, recalled:

Examined by Mr. Thompson, K.C.:

Q. Well, as to the samples?—A. I think the sample in the book is possibly a better quality than in these samples; No. 7 seems to be the poorest, if any—I do not see very much difference.

[Peterborough, Auburn Woollen Mills—Baird.]

Sir CHARLES DAVIDSON: The sealed pattern is somewhat better than the samples and No. 7 is the poorest. As to warmth, Mr. Baird, which do you prefer, the pure wool frieze or one mixed with wool stock—which is best?

The WITNESS: That will all depend on the weight and thickness of the cloth.

Sir CHARLES DAVIDSON: Which do you prefer?

The WITNESS: I do not think I could very well walk around with all wool frieze; it would be too stiff; I prefer half wool.

Sir CHARLES DAVIDSON: As to durability?

The WITNESS: There is no way of getting away from it—pure wool will outwear wool stock.

Sir CHARLES DAVIDSON: Would the pure wool frieze be too stiff to walk about in if not treated with paste? Suppose you did not put any paste in, would it still be too stiff to walk about in?

The WITNESS: From what I have seen in small mills, I would not have it.

Sir CHARLES DAVIDSON: Why do you say that No. 7 is in your belief the poorest of these samples?

The WITNESS: It is hard for me to explain why I came to that conclusion—I looked through it—it seems to be shorter stock. The way to find out is to test it on the machine—it is not usually put to a man to test—you can get a machine to test the cloth.

Sir CHARLES DAVIDSON: He agrees with Watson.

By Mr. Thompson:

Q. He judges partly by feel and experience as to the qualities—isn't that so, Mr. Baird?—A. I judged it by the length of the stock; it seemed to be shorter stock.

Sir CHARLES DAVIDSON: How would you test the quality of a piece of frieze?

The WITNESS: I would first make sure it was all wool stock—if I was going to buy a large quantity I would get a sample and find what percentage was vegetable matter.

By Mr. Thompson:

Q. Carbonize to ascertain the presence of cotton?—A. No, not necessarily cotton, vegetable matter. Also, the strength of the goods,

Q. And when you had made that test, in your opinion the only further test to be made would be the strength of the goods—what about elasticity?—A. I do not think that enters much into the wearing qualities.

Q. You think strength does?—A. Yes, certainly—the stronger the yarn the stronger the cloth.

Sir CHARLES DAVIDSON: At Ottawa Burns said he would examine it as to strength.

(To the witness): Do you know of any process whereby it can be ascertained with certainty as to how much pure wool and how much wool stock, respectively, is in a piece of cloth?

The WITNESS: I do not—not wool stock and wool. A mixture of cotton and wool can be determined, but not wool stock and wool.

By Mr. Thompson:

Q. Why can you determine the ratio of cotton stock and not woollen stock?—A. We can burn out the cotton by the process of carbonizing.

Mr. THOMPSON: He corresponds with Watson.

Sir CHARLES DAVIDSON: He did not speak of carbonizing.

The witness retired.

WALTER ANDERSON, sworn:

Examined by Mr. Thompson, K.C.:

Q. What is your employment?—A. Looking over the pickers and mixing.

Q. You are superintendent or foreman?—A. Foreman of the picking room.

[Peterborough, Auburn Woollen Mills—Anderson.]

Q. Since when?—A. Since 1885.

Q. And still?—A. And still.

Q. Are you in the employ of the Auburn Woollen Mills?

Sir CHARLES DAVIDSON: He has just said he is foreman of the mixing and picking room and has been there since 1885

By Mr. Thompson:

Q. I suppose you know the exact proportions of wool and wool stock that enters into the frieze manufactured for the Militia Department?—A. Yes, as near as the scales can tell.

Q. You weigh it?—A. I see it weighed.

Q. You keep a record of the proportions?—A. I do.

Q. In a book?—A. Yes.

Q. Similar to this book which I show you, I suppose?—A. Yes, similar to that.

Q. And you keep a record of each mixing?—A. It is there.

Q. For each batch?—A. Yes.

Q. Now, pending the arrival of the books in which you make your entries, tell me—

Sir CHARLES DAVIDSON: I thought it was that one.

Mr. THOMPSON: This is after March, 1916, sir.

By Mr. Thompson:

Q. Pending the arrival of the books, tell me what were the proportions during 1914 and 1915?—A. In 1915, the orders were sixty per cent wool and forty per cent wool stock. I carried it out as near as I could.

Q. Will your books show that?—A. I think so.

Q. Has that practice continued right through?—A. No.

Q. When did you change it?—A. It was changed last fall.

Q. What time in the fall?—A. I could not exactly state.

Q. No, but approximately?—A. Some time in November, I should judge.

Q. 1915?—A. Yes.

Q. In the end or beginning?—A. I should judge about the beginning of November.

Q. What change was made then?—A. I was told to put in fifty and fifty; that was not carried out.

Sir CHARLES DAVIDSON: Who told you to do that?

The WITNESS: Mr. Kendry.

By Mr. Thompson:

Q. Why was it not carried out?—A. I had to shade up to the shades.

Q. What do you mean?—A. I had to have the shades all alike.

Q. What was the result of the mixture?—A. I couldn't do it—it was off colour and I had to use more wool to shade up to the colour.

Q. And what proportions entered in then?—A. 52 to 53 pure wool and about 50 of the wool stock in the state it comes there.

Q. As I understand it, you could not get fifty per cent of the wool stock and fifty per cent of the wool to give the proper colour—you therefore had to take more pure wool to get the colour and were not able to put as large a proportion of the wool stock into the blend as you were told to?—A. Yes, I had to get the right shades.

Sir CHARLES DAVIDSON: How much of the wool stock did you put in?

The WITNESS: I put in fifty per cent this morning and tested it and it lost ten per cent from the state it comes in—I did that of my own accord.

By Mr. Thompson:

Q. And after you received instructions to put in 50 and 50 how many batches of cloth were made, 50 and 50?—A. I could not say.

[Peterborough, Auburn Woollen Mills—Anderson.]

Q. About how many batches were there of the 50 and 50?—A. I don't suppose there was hardly any stood the test—there was never over 50 of the wool stock used and always over 50 of the wool.

Q. Do you know anything about how much wool stock is lost in the manufacturing process? How much of the wool—what proportion of each is lost in the manufacture?—A. Well, in the first place, I tested this morning—ten per cent was lost in the oil out of the wool stock and it will loose ten per cent in the carding and five per cent in the spinning.

Sir CHARLES DAVIDSON: How much does that total?

The WITNESS: In all, 15 per cent.

Mr. O'CONNELL: His total is not right.

By Mr. Thompson:

Q. How much wool is lost?—A. I do not know.

Q. How do you know how much wool stock is lost and do not know how much wool is lost?—A. I tested the wool stock and found it lost 15 per cent. Now I do not mean 15 per cent on the 100 but 15 per cent of what I am putting in.

Q. How much wool would be lost?—A. I could not say.

Q. Did any of the finishers discuss with you the quantity of the wool that would be lost?—A. No.

Q. Who could tell?—A. I do not know.

Q. How is it you know exactly how much wool stock is lost and not how much of the wool is lost?—A. I have tested it.

Q. Why did you not test the wool?—A. I never was ordered to.

Q. Were you told to test the wool stock?—A. No.

Q. When did you make the test?—A. This morning.

Q. You are giving evidence of the test made recently?—A. Yes, it lost about 15 per cent.

Q. Were you told to test for the loss of wool?—A. I never was told to.

Sir CHARLES DAVIDSON: Could you do it?

The WITNESS: I could if I go to at it in a practical way.

Sir CHARLES DAVIDSON: How long would it take?

The WITNESS: It would depend on how much you would want.

Sir CHARLES DAVIDSON: Mr. O'Connell, have you any means of informing us how much the pure wool loses?

Mr. O'CONNELL: I don't think so.

By Mr. O'Connell, K.C.:

Q. You said the wool stock lost ten per cent in the oil, 10 per cent in carding, and five per cent in the spinning room—how do you make that total 15 per cent? I am talking about the wool stock—what is the total loss on the wool stock, oil and all?—A. 10 per cent oil, in the carding room, 10 per cent; in the spinning room, 5 per cent.

Q. What is the total of that now?—A. 25 per cent.

Q. You said before 15 per cent?—A. I tested it this morning and I secured out 10 per cent oil.

By Mr. Thompson:

Q. What did you say about it loosing 15 per cent?—A. It loses 15 per cent in the carding and spinning—the oil does not lose until it goes to the finishing room.

Q. Is this wool stock known by the mills as shoddy?—A. By some.

Q. Have you ever observed cotton specks in shoddy?—A. I have noticed it.

Q. Would it indicate cotton?—A. It might.

By Mr. O'Connell:

Q. You do not go beyond the spinning-room in your loss?—A. No.

[Peterborough, Auburn Woollen Mills—Anderson.]

By Mr. Thompson:

Q. Exhibit 4-A. Tell me how that would compare with what you have been using in the mill?—A. It would compare with it.

Q. A little better or a little worse?—A. I would not say better or not worse—it looks pretty much the same.

Q. Has there been any other change since the 50 and 50 instructions—any instructions recently?—A. None.

Q. Have you made any blend of khaki frieze recently in which the percentage of wool stock was considerably lower than say, 40 per cent?—A. I have not.

Q. Not at any time?—A. Not at any time.

Q. Did you make any cloth specially to be sent to Ottawa recently, after this trouble started?—A. I could not tell you where it is sent, that is out of my line.

Q. Did you make any frieze cloth recently that was considerably stronger in all wool, than the general run supplied to the Militia Department?—A. I never seen it tested. No, I did not.

Q. None whatever?—A. No.

Sir CHARLES DAVIDSON: Have you mixed any that was inferior?

The WITNESS: The stock varies—some might have been short and some long, but it was all good quality.

Sir CHARLES DAVIDSON: Have you recently made a particularly good quality of frieze?

The WITNESS: No, no change. We made no change—we were never told to make any change.

Sir CHARLES DAVIDSON: Did you make any change?

The WITNESS: Not that I know of.

Sir CHARLES DAVIDSON: Do you know of any being made—stronger in all wool?

The WITNESS: No.

Sir CHARLES DAVIDSON: None stronger than the average run?

The WITNESS: No, not by my mixing.

Sir CHARLES DAVIDSON: Would it be mixed by anybody else?

The WITNESS: No.

Sir CHARLES DAVIDSON: I am referring to frieze?

The WITNESS: No.

By Mr. Thompson:

Q. My information is that a special sample had been made. Do you know anything of this?—A. I know nothing of a piece being made stronger.

The witness retired.

JOHN BENTLEY, late manager of the Auburn Woollen Mills, sworn:

Examined by Mr. Thompson, K.C.:

Q. You are manager of the Auburn Woollen Mills?—A. I was late manager.

Q. When did you leave?—A. Last December, 1915.

Q. You were an investor in the Auburn Woollen Mills?—A. Yes.

Q. And you are still interested financially?—A. Yes.

Q. Look at Exhibit 4-A that you gave to Mr. Greaves, according to his statement; did you procure this from the Auburn Woollen Mills Company?—A. I would not swear that—it looks very much like it.

Q. Where did you procure the shoddy or wool stock which you gave to Greaves in March?—A. I got it at the Auburn Woollen Mills.

Q. Do you know whether that had been supplied by Smith?—A. I think so.

Q. How long before you got it from the Auburn Woollen Mills had it been sent to the Auburn Woollen Mills by the Smith Company?—A. I do not get your question.

[Peterborough, Auburn Woollen Mills—Bentley.]

Q. Supposing this sample which I have shown you was the sample you gave Greaves and you procured it from the Auburn Woollen Mills Company—can you say how long before you procured it from the Auburn Woollen Mills had Smith sent it to them?—A. I could not say but I presume quite recently.

Q. Your interview with Mr. Greaves was on March 26th?—A. Yes.

Q. Do you remember telling Greaves that Smith had framed up a sample better than had been used in the mill?—A. No.

Q. Do you swear it?—A. I swear it. I had seen a sample which looked good—

Q. And you say you did not tell Greaves that Smith had framed up a better sample and that they would swear that they had supplied that all along?—A. No. I told Greaves that Smith had told me that was what they were supplying Auburn with at the present time and that he would swear that he never put in anything but wool serge clippings right from the very start.

Q. And didn't you, when you handed the sample to Greaves, say that it was superior to anything that had been used?—A. No, I did not, I had no comparison to go by.

Q. You were manager of the mill?—A. Yes.

Q. And an expert woollen man?—A. No, a worsted man.

Q. How many years experience had you in the woollen business?—A. All my life.

Q. And didn't you know the quality of the wool stock supplied Auburn by the Smith Company?—A. Yes.

Q. Well, I want you to tell me, after making that statement as to your knowledge, whether the sample you gave Greaves was superior to, equal to, or inferior to the usual stock supplied the Auburn by the Smith Company?—A. It was the same, as far as my knowledge goes.

Q. Did you tell Greaves on the occasion of that interview that that was a fake?—A. No, sir.

Q. You did not say anything about it?—A. I did not say it was a fake. I told him I had seen a sample in Toronto of pure wool stock which Smith swore was from wool clippings—no adulteration whatever and that it was what he had been supplying.

Q. Smith said that was what he had been supplying Auburn?—A. Yes.

Q. What was your opinion?—A. I thought it was and I went to Auburn to get a sample.

Q. Did it correspond with what he showed you?—A. Yes.

Q. Did you take a sample of the stock Smith showed you in Toronto?—A. No, I did not think of it.

Q. I ask you again, to give you an opportunity to correct yourself—did you tell Greaves that Smith framed up a sample better than anything that had been supplied to the mill?—A. No, I did not.

Q. Nor anything to that end?—A. No, I told him I had seen a sample that Smith had showed me and I went to Auburn to get a sample of what they were using.

Q. And did you tell Greaves that the good sample in Smith's house corresponded with the Auburn sample?—A. No.

Q. Well, why did you tell Greaves anything about the sample at Smith's?—A. I wanted to be a friend to Greaves and did not want him to make these foolish statements, and I thought he would be better off if he withdrew.

Q. You were to get Greaves a character?—A. No, I said I would go and interview Mr. Kendry and would try my best to get him to give him a character.

Q. Well, why did you say anything about that good sample you had seen at Smith's?—A. It came up in the conversation when we were talking—I do not know what led up to it, I am sure.

Q. The question was what the Auburn was putting into the frieze and you knew that was the question, so why did you say anything to Greaves about the sample Smith showed you?—A. I told him it was a good sample and it was a good sample, and he said it was what they were sending to Auburn.

Q. Were you satisfied that it was the same?—A. I went to Auburn to see.

Q. You had been there, surely you could tell?—A. I had not been there for four months.

Q. You had seen it since the outbreak of the war and up to four months ago, had you not?—A. Yes.

Q. Why was it necessary to see Smith?—A. I wanted to see if he had changed it.

Q. Recently?—A. Yes, since I left.

Q. What conclusion did you come to?—A. The conclusion I came to was that it was good stock.

Q. As good or better than since before you left the mill?—A. About the same.

Q. What proportion of wool stock or shoddy goes into the frieze manufactured for the Militia Department?—A. I do not know.

Q. That was not in your department?—A. No.

Q. Nor your duties?—A. No, I was just a financial partner. Mr. Kendry would know.

Q. Do you know if complaints were made to the Smith company regarding the shoddy they were supplying?—A. I never heard of any.

Q. Do you know anything about cotton specks appearing in the frieze?—A. Not to my present knowledge; I was told there were cotton specks.

Q. By whom?—A. The finisher.

Q. Who was the finisher?—A. Tierney.

Q. Is he in the mill now?—A. Yes.

Q. What did he say about the specks?—A. He showed me a few pieces and said they were specky.

Q. That would indicate there was cotton in it?—A. No, not necessarily—I think they were wool specks.

Mr. THOMPSON: That is a new one—I hadn't heard that before.

By Mr. Thompson:

Q. Do you know whether or not that cloth was rejected by the Militia Department?—A. No, I do not know.

Q. Do you know whether any complaints were made by the Militia Department as to the frieze?—A. No, not on the frieze.

Q. I think the evidence was that 1,000 yards had been rejected. There is a process in woollen mills known as carbonizing—it is a process?—A. A process, yes.

Q. And do you use that—did you when there treat any material to the carbonizing process?—A. No, I did not.

Q. I do not refer to you personally—I am asking whether the company did?—A. Yes, they did—I did not.

Q. Well, do not hedge about it.

Sir CHARLES DAVIDSON: Any sensible man would know we were not referring to you personally.

By Mr. Thompson:

Q. What sort of material do you subject to the carbonizing process?—A. They put vitriol in and burn it out.

Q. Burn out the cotton?—A. Yes, or any vegetable matter.

Q. What sort of material is it you carbonize—is it wool stock or shoddy or whole wool?—A. Well, I have seen things carbonized that had no cotton whatever in it, to get out the vegetable matter.

Q. It is the wool stock, I understand, that is subjected to this process?—A. No, not the wool stock, but pieces.

Q. Pieces of what?—A. Pieces of frieze.

Q. After it is made into cloth?—A. After it is made.

Q. Do you treat any wool stock to that process of carbonizing?—A. I have not seen any wool stock treated—not the wool stock.

[Peterborough, Auburn Woollen Mills—Bentley.]

Q. Would you know of it?—A. Yes, I think so.

Q. And do they subject all the frieze to the carbonizing process?—A. If it is specky, occasionally a piece will come out specky.

Q. You are quite sure they have not treated any of the wool stock?—A. Not to my knowledge.

Q. Who would know?—A. Mr. Anderson.

Q. I think I understood you to say that some of the frieze cloth was treated to the carbonizing process?—A. A few pieces.

Q. How many?—A. I cannot say that—I only saw about three or four pieces.

Q. Would Mr. Anderson know how many pieces had been subjected to that process?—A. No.

Q. Who would know?—A. The finisher.

Q. Who is the finisher?—A. Tierney.

The witness retired.

Miss MILLER recalled:

Examined by Mr. Thompson, K.C.:

Q. You have here an invoice from the Smith Manufacturing Company of October 1, 1915, for three bales of khaki carding—what price?—A. Twenty-five cents.

Sir CHARLES DAVIDSON: What date was that?

Mr. THOMPSON: October 1, 1915—3 bales.

By Mr. Thompson, K.C.:

Q. What is this one on March 14—what do you call that material?—A. The same as you just read—four bales of khaki carding.

Q. February 22, 1915—10 bales khaki carding. October 12, 1915—7 bales khaki carding. What is the price on the October 12 invoice?—A. Twenty-five cents.

Q. February 22, 1915, what is the price of that khaki carding?—A. Twenty-five cents.

Q. March 14, 1916?—A. Thirty-one cents.

Q. March 16, 1916?—A. Thirty-one cents.

Q. October 1, 1915—3 bales carding at what?—A. Twenty-five cents.

Q. Do you know what the pure wool was?—A. No, I do not remember.

Q. Could you find it out?—A. I think so.

Sir CHARLES DAVIDSON: Whom do you buy your wool from?

The WITNESS: From different firms.

Sir CHARLES DAVIDSON: Can you speak definitely as to the price of wool, Mr. Kendry?

Mr. KENDRY: Yes, I can.

Mr. THOMPSON: What was the price about the middle of February, 1916?

Mr. KENDRY: What was the price—well, we were buying from Swift and Company and as the market went up of course our prices went up—it has been going on an incline for some time and it would be difficult for me to say just what price we were paying then.

Sir CHARLES DAVIDSON: Could you find out?

Mr. KENDRY: Oh yes.

The Witness retired.

WILLIAM ELLIOTT ORR, Government inspector of goods, sworn:

Examined by Mr. Thompson, K.C.:

Q. You are Government inspector where?—A. At the Auburn Mills.

Q. Since when?—A. Since the 8th of March.

Q. Who was Government inspector at the Auburn Mills before the 8th of March?

—A. I could not say, I am sure.

Q. You follow all the processes?—A. No, I do not.

Q. Do you watch the employees and ascertain what proportion of wool stock and wool is put in?—A. No, all I get is a standard sample from the Government, and I am supposed to use my judgment that the goods I ship are up to that.

Q. You compare the cloth made with the sample?—A. I compare it with the sample given me by the Government.

Q. Have you got the sample?—A. No, I haven't got it here.

Sir CHARLES DAVIDSON: Where is it?

The WITNESS: In my grip at the hotel.

Examined by Mr. Thompson, K.C.:

Q. Look at sealed pattern No. 33 and tell me what proportion of wool stock or wool is in that?—A. I could not tell you that; I could not tell you anything—I don't think any man could except one who made the cloth.

Q. Is there any?—A. I couldn't say.

Q. What proportion?—A. I could not tell you—I could not give you an idea.

Q. You are not able to say what percentage is wool?—A. My instructions are to compare the cloth with the sample given me and anything I have shipped I consider equal to the sample.

Q. Even if there was a difference of twenty per cent in shoddy?—A. I could not tell you that.

Q. You would consider cloth with twenty per cent more shoddy in it equal to that sample? And if you did not see the cloth in the process of manufacture how are you able to say that the cloth supplied is up to the sample?—A. I can judge it fairly.

Sir CHARLES DAVIDSON: What is your experience?

The WITNESS: Twenty-five or thirty years in a mill.

Examined by Mr. Thompson, K.C.:

Q. How close can you go to the amount of wool stock or shoddy in the material?

—A. I could not form judgment without seeing batches mixed and the quantities put in.

Q. What is the use of having a sample here if you do not follow the cloth in the process of manufacture—how can you tell how much wool stock or shoddy is in it?—A. I was not asked to tell.

Q. And if you do not know how much shoddy is in it, how can you say it is up to the sample?—A. I see if there is any irregularity in the finish or the style of the goods.

Q. Would you include quality—are you to judge the quality?—A. I am supposed to see it compares with the sample furnished me.

Q. Have you written instructions about your duties?—A. I have, yes.

Q. Have you got them here?—A. No.

Q. Do you test for strength?—A. No, I do not test for strength here; I send samples to Ottawa for their approval out of every shipment.

Sir CHARLES DAVIDSON: Do they inspect at Ottawa after your inspection?

The WITNESS: Yes, they inspect the samples.

Sir CHARLES DAVIDSON: How many yards of these goods, if any, at all, did you reject?

The WITNESS: I have not rejected any except some pieces off in shade.

By Mr. Thompson, K.C.:

Q. How many yards was that?—A. I could not really say just how many yards there were—nothing objected to for quality.

Sir CHARLES DAVIDSON: In your belief the quality was up to the sample?

The WITNESS: Yes.

[Peterborough, Auburn Woollen Mills—Orr.]

By Mr. Thompson, K.C.:

Q. The director of contracts would have the original instructions?—A. I got my samples and instructions from Burns.

Q. Will you get your instructions and samples?—A. Yes.

Witness retired.

Miss MILLER, recalled.

Examined by Mr. Thompson, K.C.:

Q. Well, Miss Miller, what letter did you find about a complaint?—A. One on January 25, 1916.

Q. I will read it—it is dated Peterborough, January 25, 1916, and is as follows: follows:

MESSRS. SMITH MANUFACTURING COMPANY,
Toronto, Ont.

DEAR SIRs,—We are very much disappointed about the khaki shoddy that came in to-day. We think they are the worst three bales we have ever had from you. They are full of white and cotton specks and do not appear to have been half garnetted. This must not happen again as it has caused us very serious damage. Please see to it.

Please confirm order for 100,000 pounds khaki shoddy same as former shipments in quality, etc., price, 31 cents.

The witness retired.

WILLIAM HARTLEY, Superintendent of the Auburn Woollen Mills, sworn:

Examined by Mr. Thompson, K.C.:

Q. What are your duties, Mr. Hartley?—A. A general oversight of the work in the mill.

Q. What do you say as to the material in Exhibit 4-A—is that a fair sample of the wool stock or shoddy which has been employed or used by the Auburn company for the manufacture of frieze cloth for the Militia Department—is it better than they have been using or worse?—A. Well, I would judge it is a fair sample. We have had some better but I think I would call it a good average sample.

Q. Did you ever notice any wool stock which had cotton specks in it?—A. Not the khaki.

Q. What?—A. We sometimes get white wool stock and found cotton in it.

Q. Used in frieze?—A. No.

Sir CHARLES DAVIDSON: Was this letter to Smith in reference to what was used in manufacturing the frieze?

Mr. KENDRY: No, we did not use it—

Sir CHARLES DAVIDSON: You called it khaki—

Mr. KENDRY: But no—we did not use it for that.

By Mr. Thompson, K.C.:

Q. Do you know anything about the percentage of wool stock used in the frieze?—A. The general run was around 60 and 40.

Q. 60 what?—A. 60 of wool and 40 of wool stock.

Q. Mr. Anderson said in November he was instructed to increase the amount of wool stock—have you noticed a change?—A. Mr. Kendry gives all those orders.

Q. Have you noticed these instructions were followed and the percentage of wool stock was increased in November, December or January?—A. I could not answer

[Peterborough, Auburn Woollen Mills—Hartley.]

that definitely—if there is any change out of the ordinary Mr. Kendry gives the instructions.

Q. Would you notice it?—A. Not unless my attention was called to it.

Q. Did you notice any difference?—A. No, I did not.

Q. If there had been a material increase, is it a thing which would come under your notice?—A. Yes, if it were increased enough to make the work run up or clog the machine.

Q. If there was an increase in wool stock, the work would run up or clog?—A. Yes.

Q. The government inspector says he never knew or heard of paste being used in frieze, giving it a stiff appearance?—A. We use it for water-proofing.

Q. Flour paste?—A. Yes.

Q. For water-proofing or other purposes?—A. For water-proofing.

Q. Do you use it in frieze?—A. Yes, a small percentage.

Q. Have you recently made any frieze for the Government of especially good quality?—A. No, sir.

Q. You have not?—A. No, sir; we got no instructions.

Q. I did not ask you if you got instructions—I asked you if you had made an especially good piece?—A. Not to my knowledge.

Q. You did not receive any instructions?—A. No.

Q. Do you know of a good piece having been made? Of different weight?—A. I do not know about different weights.

Q. I refer to a heavier percentage of wool and a smaller percentage of wool stock?—A. No, sir.

Sir CHARLES DAVIDSON: Nothing better?

The WITNESS: No, sir.

By Mr. Thompson, K.C.:

Q. Within the last month?—A. No, sir, not to my knowledge.

Q. Always run about the same?—A. About the same, yes.

Q. 60% wool and 40% wool stock?—A. Yes, averaging up to that, one batch with the other.

Sir CHARLES DAVIDSON: Do you know anything about the woollen stock about which a complaint was made by your company to the Smith company.

The WITNESS: No.

Sir CHARLES DAVIDSON: Do you know if it was used or not?

The WITNESS: I could not say.

By Mr. Thompson, K.C.:

Q. Take a mixture of 50 new wool and 50 of wool stock—what would be the loss in the wool stock?—A. Well, I should judge it would lose, well 20% out of the 50.

Q. And what would the loss be in wool?—A. The wool loss would be insignificant.

Q. What percentage—would it lose 10%?—A. Oh, no, not the quality of wool they use.

Sir CHARLES DAVIDSON: What does good wool cost?

The WITNESS: I do not know anything about the price of wool.

Sir CHARLES DAVIDSON: Suppose you took a mixture of 60% shoddy, what would the percentage of loss be?

The WITNESS: I should judge it would lose 25% anyway.

Sir CHARLES DAVIDSON: And what in wool?

The WITNESS: In 40% wool—the loss would be insignificant.

Sir CHARLES DAVIDSON: Is the loss due to the extraction of oil—you are giving the total loss?

The WITNESS: Yes.

[Peterborough, Auburn Woollen Mills—Hartley.]

By Mr O'Connell, K.C.:

Q. The total loss would be 20 per cent including oil?—A. Yes.

The witness retired.

JAMES KENDRY, sworn:

Examined by Mr. Thompson, K.C.:

Q. Do you know correctly what you pay for wool, at the present time, entering into frieze?—A. We pay at the present time 70 cents.

Q. And 31 cents for wool stock?—A. Yes.

Q. There is no loss in the wool practically?—A. Not much.

Q. And twenty per cent loss in the wool stock in the process of manufacture?—A. It is more than that.

Q. What percentage do you place it at?—A. We start off with the loss first of all of the oil, 10 per cent, after that we get a loss in the carding of 10 per cent, in the spinning a loss of 5 per cent, weaving room, $2\frac{1}{2}$ per cent loss, and $7\frac{1}{2}$ per cent loss would be the loss in the finishing room, making a total of $35\frac{1}{2}$ per cent of a loss.

Sir CHARLES DAVIDSON: In this process pure wool must lose?

The WITNESS: No, sir, a little but not much.

Sir CHARLES DAVIDSON: How much?

The WITNESS: Oh, possibly, in a mixture of that kind—

Sir CHARLES DAVIDSON: What kind?

The WITNESS: 60 and 40.

Sir CHARLES DAVIDSON: And what would the wool lose?

The WITNESS: Oh, possibly in a mixture of that kind about 5 per cent.

By Mr. Thompson:

Q. You speak of the loss—the material drops to the floor, I presume?—A. Yes, it is a loss.

Q. But what becomes of that waste material?—A. It is a waste in different ways—it falls out under our machines.

Q. Is it made into yarn again?—A. Oh, no, it is a total loss.

Q. It is thrown out?—A. Yes.

Q. It all goes out?—A. Yes, it all goes.

Q. Have any complaints been made to your company about the quality of material supplied—the frieze?—A. No, sir, no complaints have been made.

Q. Has your attention been called by the contract department to any irregularities or defects?—A. No, if there are any defects they send them back to us as rejects—they are sent back.

The witness retired.

WALTER ANDERSON, recalled:

Examined by Mr. Thompson, K.C.:

Q. Take at random one of these books in which you keep the blend—what is the first date you look at?—A. July 27, 1915.

Q. Is that for frieze?—A. No, that is suiting.

Q. Turn over to a freize—now what is the date?—A. March 12, 1915.

Q. What was your mixture then in the frieze?—A. 638 pounds wool, 360 pounds wool stock and 100 pounds garnetted waste.

Q. What is garnetted waste?—A. After the yarn is torn off the end of the shuttle, it is what is left on the machine and it is pulled out—it is just as good as the stock.

[Peterborough, Auburn Woollen Mills—Anderson.]

Q. That is the wool stock?—A. Yes, we consider it just as good.

Q. So that would be 460 pounds wool stock?—A. We never count it that way.

Q. It comes to 638 pounds new wool and 460 pounds of wool stock and waste combined?—A. Yes.

Sir CHARLES DAVIDSON: What percentage is that?

Mr. THOMPSON: About 60 and 40. I took that at random—it would take a long time to run through the books. I will take a few more at random.

By Mr. Thompson, K.C.:

Q. Take one more, Mr. Anderson—what is the date?—A. March 29, 1915.

Q. Now, on March 29, how much new wool do we find?—A. 1,177 pounds.

Q. And wool stock?—A. 720 pounds.

Q. And how much wool garnetting?—A. 300 pounds.

Q. So that the wool stock altogether in that batch would be 1,020 pounds and new wool 1,177 pounds—not quite 50 and 50?

Sir CHARLES DAVIDSON: About 45 and 55.

By Mr. Thompson, K.C.:

Q. Try another—what date?—A. February 5, 1915.

Q. Now, in this, how much new wool do you find?—A. 873 pounds.

Q. And how much garnetting and wool stock?—A. 825 pounds.

Q. What is your next date?—A. February 9, 1915.

Q. How much wool in that?—A. 977 pounds.

Q. And how much garnetting and wool stock?—A. 550 pounds wool stock and 150 pounds garnetting and 175 pounds warding.

Q. That makes a total of?—A. 825 pounds.

Sir CHARLES DAVIDSON: Did you make out any larger percentage, Mr. Thompson?

Mr. THOMPSON: That represents perhaps what we might call an average up to the time when he was instructed to increase the quantity of wool stock.

The witness retired.

JAMES KENDRY, recalled.

Examined by Mr. Thompson, K.C.:

Q. How many pieces of frieze were subjected to the carbonizing process?—A. We had possibly three or four and we sold all the output; the Government never get them—they were sold to the market.

Q. Did you at any time subject any wool stock to carbonizing?—A. No.

Q. Why did you subject any cloth to the carbonizing process?—A. The reason we subject it to the carbonizing process is because it takes out all the vegetable matter—the burrs. We burn them all out and it leaves the cloth free from specks.

Q. Is wool stock ever subjected to carbonizing before made into cloth?—A. No.

Q. Why did you carbonize a few pieces?—A. The reason was a few of these were specky and we carbonized as an experiment and we found out it changed the colour and we sold them outside—the Government never got any.

Q. Carbonizing takes the colour out?—A. It would depend on how much use—this process has never been used in the Government work.

The witness retired.

WILLIAM ELLIOTT ORR, Government inspector, recalled:

Examined by Mr. Thompson, K.C.:

Q. Will you produce your instructions?—A. Do you want the whole thing or just about the frieze?

[Peterborough, Auburn Woollen Mills—Orr.]

Q. I want about the frieze?—A. There they are.

Q. I will read them, they are very short:

No. 33, frieze, drab, for great-coats and cloaks. Dye—fast colour, width 58"—finish as sealed pattern. Strength—warp 600, weft, 550. Woven plain, weight 32 to 33c elasticity—warp, $2\frac{1}{2}$ ", weft $2\frac{1}{2}$ ".

That ends the specifications for frieze. The sample is also sent you, is it not? This is the sample you produce now. We will take a small piece of this—the sample furnished by the inspector will be marked.

Exhibit No.

You say the only test you make is as to finish?—A. Yes, and to see if there are any irregularities.

Sir CHARLES DAVIDSON: Is the sample he produces from the same pieces as the sealed pattern?

By Mr. Thompson, K.C.:

Q. Compare the piece you have just given me with the sealed sample No. 33 and tell whether you think they are from the same piece of cloth?—A. No, they are not alike.

Q. Which is the better of the two?—A. I think my sample is.

Sir CHARLES DAVIDSON: Why?

The WITNESS: It is a firmer and a finer piece of goods.

Sir CHARLES DAVIDSON: What makes it finer?

The WITNESS: I suppose the stock and the way it is finished.

Sir CHARLES DAVIDSON: More pure wool?

The WITNESS: The felt would have more to do with it.

Mr. Thompson, K.C.:

Q. A little more paste?—A. No, I have never seen any paste used.

Q. No paste put in?—A. No, I never seen it used in my life.

Q. Do you know if paste is used in frieze?—A. I never saw it used—not here. I never seen it used here or in any mill I have ever been in.

Q. Do you know whether Anderson has used paste in the frieze?—A. Not to my knowledge.

Q. You were not curious enough to look?—A. I never seen anything of that kind.

The witness retired.

JAMES KENDRY, recalled:

Examined by Mr. Thompson, K.C.:

Q. How many years have you been supplying cloth to the Government?—A. Since 1885, we started in 1885.

Q. Continuously?—A. From time to time.

Q. Are you supplying material other than frieze?—A.—Oh, yes, much larger than frieze.

Q. Any complaints made in respect to these cloths?—A. No complaints—if there is anything wrong they reject it, and our rejects have been small.

Q. You do not take the rejects in one door and send them out the other?—A. No, we do not—they are sold on the outside—they make puttees, etc., of them.

Q. Do you use wool stock in serges?—A. Oh, no, nothing at all but pure wool and worsted.

Q. New wool?—A. All new wool—we never put in anything but pure wool and pure worsted.

Q. Did you ship any cloth not inspected here for the Militia Department?—A. They are inspected in Ottawa.

[Peterborough, Auburn Woollen Mills.—Kendry.]

Q. You shipped some to Workman?—A. That was for the British Government.

Q. How do you know?—A. We got an order for 150,000 yards from Workman, and he supplied the British Government with that.

Q. He told you it was for the British Government?—A. We took an order for Workman of Montreal—he told me it was for the British Government, and I know it was.

Q. I understand the Government has bought your output in certain lines since the outbreak of the war, and in the case of other mills also, and this is sent to the department and shipped by the department to the various factories that make the cloth into breeks, tunics, etc.?—A. Yes, it is inspected there and sent out to their makers.

Q. When did that practice first commence—I have been told that you have been doing that right along?—A. Yes, unless they order me to send it to some manufacturers.

Q. In cases where they order you to send it to manufacturers your cloth is inspected at your mill by the Government inspector?—A. I think there might have been one not inspected, but they are all inspected by our inspector, and after it goes through our inspection there is not much chance of anything being wrong.

Q. One was shipped to a house and not inspected by the Government?—A. Yes.

Q. What would one order amount to?—A. Possibly 30,000 yards.

Sir CHARLES DAVIDSON: How did that come about?

The WITNESS: They were in a hurry for the stuff and we shipped it right on to them in order to save time, I suppose. We have our inspector, they have theirs. I think they would be just as safe with ours—we have to have it perfect.

By Mr. Thompson, K.C.:

Q. What is carbonizing done for?—A. It is used to take the burrs out—any foreign matter.

Sir CHARLES DAVIDSON: We have had all this before—to get rid of vegetable matter, to take out the cotton—three or four pieces were done that way, but the Government did not get them. Don't you think you have all that?

Mr. THOMPSON: Very well, sir.

By Mr. Thompson, K.C.:

Q. What is paste used for?—A. Well now, we are possibly giving away state secrets—it is used for shrinking. After we sent it in they wanted something waterproof and we have continued to do that—all it does is to make the cloth waterproof and if I told you how little there is used, $\frac{1}{4}$ of a pound with another ingredient——

Q. Do you weigh your cloth before or after the paste is put in?—A. Oh, after and before,—no difference in the weight much.

Q. Cloth is more expensive than flour?—A. It adds that much but not to our profit.

By Mr. O'Connell, K.C.:

Q. Wool stock costs 40 cents a pound but the invoices show thirty-one cents—how do you explain that?—A. Well, in the first place, you take from that wool stock—it loses ten per cent in the oil, it is scoured out, and in the course of manufacture we have to have that, then it loses from 12 to 15 per cent in the carding and spinning, etc., about 25 per cent loss of stock, and that is what we have to go by and they have to allow us for that—that is my explanation.

By Mr. Thompson, K.C.:

Q. Did your company make any specially good piece of frieze in the last month or so?—A. No, sir.

Q. You agree with Mr. Anderson that the percentage of wool stock was increased around November?—A. I increased it, and in this way—we were trying to make these goods as cheaply as possible to the Government. I took some orders where we did not make anything on them. The cloth was just as good in every possibly way. I

[Peterborough, Auburn Woollen Mills—Kendry.]

wanted to give the cloth to them as low as possible and I say this—they stood the test—they stood the test and if they had not stood the test we would not have made them.

Q. What do you receive from the Government for one yard?—A. \$1.95.

Q. And the material costs?—A. It would cost us at present—well now right off it would be hard for me to just say—

Q. Well approximately?—A. Approximately it would cost us \$1.88.

Q. What would the material cost you if the cloth were made entirely of new wool?—A. It would cost us about 90 cents more, 80 or 90 cents more.

Sir CHARLES DAVIDSON: Do you desire to find out what it costs them to produce the finished article?

Mr. THOMPSON: It is hardly fair, sir, I presume they are getting the same price as any other manufacturer.

The WITNESS: I will make this statement that I have made the price to the Government low—lower than other people.

Mr. THOMPSON: It cost you less?

The WITNESS: No, but we have been running the price close and we have taken orders lower than other people.

Sir CHARLES DAVIDSON: Do you consider your prices throughout moderate?

The WITNESS: Very moderate, and I felt there was not much left when we got through. We can show our books and we have not made much more than a slight return on our capital after working night and day. The only thing is that with the large orders we could make them a little cheaper—but we made more money selling to the trade.

The witness retired.

GEORGE GREAVES, recalled:

Examined by Mr. Thompson, K.C.:

Q. Mr. Greaves disagrees with the estimate given by the witness, Mr. Kendry, as to the percentage of loss. In a mixture of 50 and 50—state what you consider would be the loss?—A. The loss of shoddy would be 20 per cent and loss of wool would be 10 per cent.

Q. And what would the resultant mixture be?—A. 47 per cent shoddy and 53 per cent wool.

Q. In a mixture of 60 per cent shoddy and 40 per cent wool what would the loss be?—A. Result would be 57.2 shoddy and 42.8 wool.

Q. Anything further you would care to add?—A. I think that is all.

Q. You said something about wool prices—anything you want to qualify in that?—A. If the statement Mr. Kendry made just now could be checked with his wool prices.

Q. As to what he paid for wool?—A. Yes.

Q. You are satisfied with what he paid for wool stock?—A. Yes.

Q. You want me to prove now that he paid a certain price for his wool?—A. Yes.

Mr. THOMPSON: That will be done.

By Mr. O'Connell:

Q. Did you have any offer made to you to give this evidence here, Mr. Greaves?

Sir CHARLES DAVIDSON: What did you ask?

Mr. O'CONNELL: I asked him if he had any offer made to him to give this evidence.

Sir CHARLES DAVIDSON: What do you mean by that?

Mr. O'CONNELL: I will try to show a corrupt motive.

Sir CHARLES DAVIDSON: This is all a question of figures.

Mr. O'CONNELL: Very well.

The witness retired.

The Commission adjourned.

OTTAWA, Tuesday, April 18, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,
As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,
Clerk of the Commission.

At the sitting of the Commission:

SIR CHARLES DAVIDSON: On the evening of the 26th of March, the Reverend Dr. Bland preached a sermon at Port Arthur, and of this sermon telegraphic summaries were published throughout the newspapers of Canada. To the statements in this sermon the Prime Minister called my attention and requested a thorough investigation of the accusations involved in them. As a result, I have asked the Reverend Dr. Bland to attend from Winnipeg and I understand that Colonel Mullins is also here and the Reverend Principal Crummy of Wesley College. My own impression of the statements concerned in the summary of his sermon was that they do deserve an exhaustive inquiry as to their truth or falseness. I understand that there has been since then some challenge as to correctness of some of the statements as reported. Have you any statement to make, Mr. Thompson?

MR. THOMPSON: I think I had better read, sir, the press reports of the sermon in question, and then I will call Dr. Bland. I read from the *Winnipeg Evening Tribune*, of Monday, March 27, 1916:

WEST GRAFTS ON SOLDIERS' FOOD, DR. BLAND AVERS.

CLERGYMAN, IN PORT ARTHUR SERMON, ASSERTS PROVINCES ARE PERMEATED
WITH DISHONESTY.

Port Arthur, Ont., March 27.—Rev. Dr. Bland of Wesley College, Winnipeg, preaching at Trinity Methodist church to-night, said the whole system of supplying food to soldiers throughout the three prairie provinces was permeated with graft and dishonesty. Frozen liver worth 4 cents per pound was being supplied where beef at 11 cents a pound was being paid for, and butter that could not be eaten was given to the soldiers. Dr. Bland said he had first-hand information and gave several other samples of alleged graft.

"While Canada," he said, "was sending forth an army of men, the spirit of whom was unequalled since the days of the Crusades, paying the men \$1.10 a day, she was sheltering at home hordes of others who were digging their hands into the money sent from Britain and given by our own people for supplies, taking them out covered with filth and corruption, yet waxing rich.

"An unparalleled reign of graft had sprung up." He said, "since the war started, all the way from Annapolis valley where decrepid horses were sold to men wishing to use them in fighting for their country, to the British Columbia coast, where submarines of doubtful value were bought at outrageous prices. The government dare not allow it all to become known, but it will become known."

His sermon was an appeal to apply the spirit of sacrifice, which was the Christ spirit and the spirit in which the Canadian soldier went forth to business.

[Charges by Rev. Dr. Bland.]

Sir CHARLES DAVIDSON: My attention has been called to a subsequent letter by Dr. Bland, which, in fairness to him, you had better read.

Mr. THOMPSON: I read this from the *Manitoba Free Press* of Wednesday, March 29:

DR. BLAND'S POSITION.

TO THE EDITOR of the *Free Press*:

SIR,—I have read Captain Simpson's very natural protest, and I regret extremely that the report of my remarks at Port Arthur should have impressed any of the members of the Army Service Corps as containing any strictures upon them or upon any officers whatever. Nor was I attacking any government in this matter. I was attacking dishonest contractors, and dishonest contractors only.

My boundless admiration for the gallant men who have enlisted in this sacred war made it impossible for me to refrain from expressing my indignation at contractors who would take advantage of these men to make dishonest profits at their expense. I made no charges of "graft," for that would imply connivance of the military authorities, which I do not believe to exist. I charged simply plain, vulgar cheating in the matter of quality and quantity, not, of course, in the case of all contractors, but in the case of a large percentage of them.

A large percentage of the men and firms who are furnishing army supplies are persistently and habitually trying to cheat the Government and to deprive both soldiers and horses of proper supplies. Light weight in coal, worthless hay, light weight in bread, inferior bacon, cheapest jam—instead of what tenders call for, the best—beef and butter that have to be sent back, and that not occasionally, but repeatedly, by the same contractors. In fact, constant vigilance is necessary to protect the men.

I have no doubt that the military authorities are doing their duty. The soldiers in Winnipeg this winter, in marked contradistinction to last are being well fed, but it is intolerable that all over this rich western country quartermasters and inspectors should have to guard against this sordid dishonesty on the part of fellow-Canadians, as their comrades in the trenches or at sea have to be on their guard against the unscrupulous trickery of their German foes.

WINNIPEG, March 28.

S. G. BLAND.

That letter was written apparently following a demand made by Captain Headland; of the Army Service Corps. I quote this from the *Free Press*:—

DEMAND MADE THAT DR. BLAND'S CHARGES BE INVESTIGATED.

"We will welcome the most thorough investigation of the charges by the Rev. Dr. S. G. Bland with regard to the food served to the soldiers," said Capt. F. H. Headland yesterday. He is the assistant director of supplies and transport, and, as such, is the head of the Army Service Corps in District No. 10.

"We all feel keenly about the matter," he said. "It is a reflection, not only upon myself and my staff, but upon every quartermaster and every commanding officer in the district. I wish to state positively that we have never issued liver, as charged by Dr. Bland, and we defy him to prove his charge. It is only fair to us that there should be an investigation."

Reverend SALEM GOLDWORTH BLAND, D.D., of Winnipeg, sworn:

Examined by Mr. Thompson, K.C.:

Q. Dr. Bland, did you hear the newspaper report of your sermon that I have just read?—A. I saw it.

[Charges by Rev. Dr. Bland.]

Q. Did you hear me read it?—A. Yes.

Q. Did you say in your sermon: "The whole system of supplying food to the soldiers throughout the three prairie provinces was permeated with graft and dishonesty?"—A. I did not.

Sir CHARLES DAVIDSON: Ask Dr. Bland if he preached from a written sermon.

Dr. BLAND: No, sir Charles: I do not usually preach from manuscript, and I did not that evening, though I think I have a very vivid recollection of what I said.

Sir CHARLES DAVIDSON: You had notes, I suppose.

Dr. BLAND: No, I did not have notes that evening because it was a line of talk I had followed before and have followed since, and it is very fresh in my recollection. If you will pardon me, Sir Charles, I would feel, as though, if I were to tell the story of how I came to make these references and what I said it would get at it more directly and more simply.

Mr. THOMPSON: I would prefer, sir, to first have the telegraphic reports of the sermon, which appeared in the newspapers, either affirmed or contradicted by Dr. Bland. Then afterwards Dr. Bland can make a full statement.

Sir CHARLES DAVIDSON: Very good.

By Mr. Thompson:

Q. Did you state in your sermon, as reported in the newspapers: "Frozen liver, worth 4 cents per pound, was being supplied where beef at 11 cents a pound was being paid for?"

Sir CHARLES DAVIDSON: There is an alleged previous statement by Dr. Bland; he is alleged to have said the whole system was permeated with graft and dishonesty.

Mr. THOMPSON: He denied making that statement.

Dr. BLAND: In that form, yes; I am prepared to say what I did say; that is a distorted account in the newspaper.

Sir CHARLES DAVIDSON: It might be well for Dr. Bland to say: "No, I did not say that," and then to state what he did say.

By Mr. Thompson:

Q. Did you make that statement I have referred to, as it appears in the press?—A. Not as it appears in the press.

Q. What did you state as to that?—A. I stated there was widespread dishonesty amongst the contractors who were supplying provisions for the soldiers in the three western provinces, and I cited cases where they were trying to cheat the Government in quality or in quantity.

Sir CHARLES DAVIDSON: Widespread what?

Dr. BLAND: Widespread dishonesty.

Sir CHARLES DAVIDSON: In which they were what?

Dr. BLAND: In which they were trying to cheat the Government in quantity and quality.

By Mr. Thompson:

Q. Did you state, as reported in the newspapers: "And butter that could not be eaten was given to the soldiers?"—A. No, I said that butter was being supplied by contractors——

Sir CHARLES DAVIDSON: I did not follow you, Mr. Thompson.

Mr. THOMPSON: I am taking the next sentence.

Sir CHARLES DAVIDSON: You will not develop the others further at the moment?

Mr. THOMPSON: No, I am coming back to that.

Sir CHARLES DAVIDSON: What was the alleged statement in the press as to frozen liver?

Dr. BLAND: I referred to frozen liver that was being supplied to the soldiers. I had nothing to say as to whether it got to the soldiers or not, but it was being supplied

[Charges by Rev. Dr. Bland.]

by contractors at the price of the regular issue of beef, namely, 11 cents per pound, so that this frozen liver would only cost, I said, 5 cents a pound; there is a slight error there, it should be five cents instead of four cents. The point I was making was that the contractor was getting more pay than he should for that article.

By Mr Thompson:

Q. Did you say this, as reported: "Butter that could not be eaten was given to the soldiers."—A. No, I did not say it was given to the soldiers, but I said it was being supplied by contractors. That it got to the soldiers I did not affirm. My point simply was that in some places contractors were supplying goods not up to standard, and amongst others I mentioned butter not fit to be eaten.

Q. The newspaper report said: "Dr. Bland said he had first-hand information"?—A. Yes.

Q. What information did you have?—A. Conversation with Colonel Mullins the day before on the train.

Q. The newspaper report then says: "And he gave several other examples of alleged graft." What were they?—A. Not of alleged graft.

Q. You did not make the statement?—A. No, I never used the word "graft" in reference to the army supplies in western Canada.

Q. You gave several other examples of what?—A. Such as worthless hay, light weight in coal, light weight in bread, cheap jam, and inferior bacon and inferior beef.

Q. Were those examples, the six of them, all obtained from Colonel Mullins?—A. All.

Sir CHARLES DAVIDSON (to Colonel Mullins who was in court): Colonel Mullins, what is your rank?

Colonel MULLINS: Inspector of supplies for western Canada.

Sir CHARLES DAVIDSON: Does that include the whole of the western provinces?

Colonel MULLINS: West of the lakes.

Sir CHARLES DAVIDSON: To the Pacific coast?

Colonel MULLINS: Yes, sir.

Sir CHARLES DAVIDSON: That is pretty near being inspector general.

By Mr. Thompson:

Q. The newspaper report also says:

"While Canada," he said, "was sending forth an army of men, the spirit of whom was unequalled since the days of the Crusades, paying the men \$1.10 a day, she was sheltering at home hordes of others who were digging their hands into the money sent from Britain and given by our own people for supplies, taking them out covered with filth and corruption, yet waxing rich."

What had you reference to there if you made such a statement?—A. The writer of that has obviously condensed my remarks there, and I would not say that I used these words, because he has used words that I did not use, but in substance what I said was that from the Atlantic to the Pacific, and I referred to various matters—

Q. Such as what?—A. Such as the horse sales in Kings county, Nova Scotia. I went right through to the Pacific and I referred to the submarines. That I think is correctly referred to in the article. I think I used the word "dubious" instead of the words given there. Then I touched on the Shell Committee and then I went on to speak of provisioning the troops in western Canada. I just incidentally referred; I did not go into these things minutely, because, well, they have been fairly in the minds of most Canadians of late.

Q. Then, the newspaper report of your sermon says:

An unparalleled reign of graft had sprung up, he said, "since the war started, all the way from the Annapolis valley where decrepid horses were sold to men wishing to use them in fighting for their country, to the British Columbia coast where submarines of doubtful value were bought at outrageous prices.

[Charges by Rev. Dr. Bland.]

Did you make these statements?—A. Yes, these references are correct; the language is condensed there, but I referred to these.

Q. In substance that is a correct report?—A. In substance it is correct; I would not answer for the particular adjectives.

Q. Then you are reported to have said:

The Government dare not allow it all to become known, but it will become known.

Dil you make that statement?—A. I used, I think, these very words, but that applied strictly and wholly to the Shell Committee. They were used before I came to the provisioning of the troops at all; they referred to nothing else than to the Shell Committee.

Q. You stated in your evidence to-day that you said there was widespread dishonesty among contractors?—A. Yes.

Q. Could you give me the name of any one contractor, or of several of them, or of all of them, who have been dishonest?—A. In most of these cases names were not given and the locality was not specified.

Q. Were you speaking from personal knowledge of the widespread dishonesty or did you mean to say that Colonel Mullins had stated that there was widespread dishonesty among contractors?—A. My remarks were based solely upon Colonel Mullins' statements.

Q. Have you any knowledge of your own of widespread dishonesty or of any dishonesty among any contractors or on the part of any contractors?—A. I had no special knowledge before that. Since then statements have been made to me but not that I followed up. I did not consider it was my business to follow it up and I have no idea whether they are correct or incorrect, and, consequently, I may say that I have no personal knowledge. My remarks were based on the statements of Colonel Mullins.

You stated in your testimony to-day that you said that frozen liver was supplied at 5 cents a pound instead of beef at 11 cents a pound; was that liver actually taken into stores for the use of the troops?

Sir CHARLES DAVIDSON: Was that a statement of Colonel Mullins?

Dr. BLAND: This was the statement as I recollect it: that Colonel Mullins had found at certain points several barrels or casks of frozen liver which were there, at any rate, in the stores. Whether they had been actually given to the troops or not, I do not know, but they were in the stores, and were charged for and had been accepted, and would have been paid for at the rate of fresh beef, but Colonel Mullins promptly put them away.

Sir CHARLES DAVIDSON: Who were the contractors?

Dr. BLAND: I think I know the name; I think Colonel Mullins mentioned the name, but I would not like to swear because I am not absolutely certain.

Sir CHARLES DAVIDSON: Whom have you in memory, so far as your recollection goes?

Dr. BLAND: If you wish me to state that just as a strong impression?

Sir CHARLES DAVIDSON: Yes.

Dr. BLAND: P. Burns & Company.

By Mr. Thompson:

Q. Do you know of your own knowledge whether butter unfit for the troops was supplied to the troops?—A. No, not of my own knowledge.

Q. Was that information obtained from Colonel Mullins?—A. Yes.

Q. Could you name the contractor?—A. No.

Q. Did he tell you whether any of these inferior supplies had been actually taken over by the Army Service Corps?—A. That I think I am not in a position to say anything about. The facts are these: Colonel Mullins was citing cases where he had discovered these irregularities, and in every case I am quite satisfied, and I presume that in all cases it was something that Colonel Mullins had rejected and instantly rejected. The fact that he had discovered it and spoke of it implied that it had been

[Charges by Rev. Dr. Bland.]

rejected, and that was the impression that was given to me. My impression was that these were not cases in which the attempts had been successful, but that they were unsuccessful attempts.

Q. Would that apply also to the worthless hay?—A. Yes.

Q. Did he tell you that the hay had been paid for and taken to the stores?—A. I do not know as to that. The facts were that this contractor had supplied hay, and that when the bales were opened they were found to be, in some cases, filled with worthless stuff, the Colonel told me.

Q. Who was the contractor?—A. That was the hay contractor at Winnipeg, I do not know whether there is more than one or not.

Q. Who is he, did Colonel Mullins mention any name?—A. No, he did not mention any name.

Q. I presume the cases you have cited refer to Winnipeg?—A. No, I would not say that at all. They covered, I think, the three western provinces. Since then I have found that Colonel Mullins is the inspector over the whole of the western provinces, and they consequently cover his whole sphere.

Q. And you say that your sermon, and the information you stated there, was based entirely on what Colonel Mullins told you?—A. Entirely.

Sir CHARLES DAVIDSON: Your statements throughout the whole sermon were based on his statements to you?

Dr. BLAND: Throughout. As I have said other things have come to me, as you know they would naturally come when any one becomes conspicuous, people tell him stories, but I attach no importance to these. I have not looked into them. They have not affected any of the statements in my sermon because they have come to me since these statements were made.

By Mr. Thompson, K.C.:

Q. Who supplied the light-weight coal?—A. That was not specified. It was at a point where coal was being delivered and Colonel Mullins asked the man or officer, I do not know what his rank would be, whether he was weighing, and the answer was that he was not weighing the coal. Colonel Mullins suggested he had better weigh it, and the first load they weighed was 500 pounds short.

Q. Did he tell you who the contractor was?—A. No.

Q. Did he tell you whether they had found any deficiency in the weight in any other loads of coal?—A. No.

Q. Did he have reference simply to that one load which was weighed?—A. That is all I can speak for.

Q. Did he tell you whether he had followed the investigation any further?—A. That he did not say.

Q. You stated that cheap jam was supplied when the best was called for; who was the contractor?—A. I do not know. Colonel Mullins said that was very common, that whereas the best jam was called for the cheapest grade of jam was supplied. It was made up largely of apple butter.

Q. You stated that inferior bacon had been supplied?—A. Yes.

Q. Was that statement founded on information coming from Colonel Mullins?—A. Yes.

Q. Do you know who the contractor was?—A. No, the name was not given.

Q. And you stated that inferior beef was supplied?—A. Yes, inferior beef, especially one point was mentioned, namely, at the Sewell camp last summer, when it was said that a good deal of beef had to be sent back.

Q. Did Colonel Mullins refer to that?—A. Yes, he referred to the camp at Sewell.

Q. Do you know whether any of these supplies were taken into stores and paid for? When I say "taken into stores" I am not speaking in any technical sense; I mean to ask you the question in a broad way to ascertain whether these supplies found their way to the troops and were consumed or used by them?—A. I am not

conversant with the military methods that were adopted. The impression I got was that these things had been actually furnished by the contractors and if they had not been inspected they would have gone out to the troops, but being inspected they were in every instance sent back or corrected.

Q. Did you say in your letter to the *Free Press* which I have already read: "I charged simply plain, vulgar cheating in the matter of quality and quantity, not, of course, in the case of all contractors but in the case of a large percentage of them."—A. Yes, these are Colonel Mullins very words. I asked him if this was general and he said: "It would surprise you, to how large an extent it prevails, and amongst reputable firms to some extent." He said: "A large percentage of Government contractors are unscrupulous in these ways."

Q. In your signed statement to the Editor of the *Free Press*, you said: "Light weight in coal, worthless hay, light weight in bread, inferior bacon, cheapest jam, instead of what the tenders call for—the best." Who was the contractor who supplied the light weight bread?—A. The locality and the contractor were not mentioned; it was simply that Colonel Mullins thought it well to weigh some loaves and found that instead of their weighing 16 ounces to the pound they only weighed twelve ounces to the pound.

Q. Did he tell you who the contractor was?—A. No.

Q. You mentioned in your sermon "inferior bacon, cheapest jam, instead of what the tenders called for—the best, beef and butter that have to be sent back, and that not occasionally but repeatedly by the same contractors." Did you ask Colonel Mullins whether he changed the contractors after discovering this attempt at dishonesty?—A. The conversation referring to that was this: that this was a repeated and persistent effort on the part of some of them, that when they were checked they would keep up the standard for a while, until suspicion seemed to be lulled, and then again they would begin to send what was not up to standard. I asked him if it were not possible to deal with contractors who were thus found unreliable, and his answer was, if I recollect it rightly, that it was very difficult to deal with them. We did not go into that further, but I know that it was mentioned and Colonel Mullins intimated that it was very difficult, and I can easily see how it would be very difficult. It might be answered that it was simply a mistake or an error of some subordinate, and so on.

Q. Did you ask him, or did he state, whether the contractors would be dropped off the list of those supplying the troops, where it had been discovered that they had been selling light weight goods or goods of inferior quality?—A. I do not remember asking anything except that was it not possible to deal severely with those contractors, and the impression I got was simply that it was a very difficult thing to deal with them.

Q. You stated to-day that you referred to the submarines that were purchased on the Pacific Coast, and the report of your sermon states that you referred "to the British Columbia coast where submarines of doubtful value were bought at outrageous prices." Is that a correct report of your statement?—A. Well, now, that has not been particularly challenged and I had no information as to that from Colonel Mullins.

Q. I am asking you whether you made such a statement?—A. Yes, I referred to the submarines.

Q. Did you state that the submarines were of doubtful value and were bought at outrageous prices?—A. I do not know that I used these precise words.

Q. What were your words?—A. I referred to them and I used the word "doubtful" or dubious value.

Q. Did you refer to the price paid for them?—A. I think I did but I am not sure as to the particular adjective I used.

Q. What adjective do you remember using, did you think the price was too low?—A. No; the idea in my mind was that too much was paid for them.

Q. And probably something approximate to what appears in the newspaper report was the language you used, that the price was outrageous, was it not?—A. It was a frank criticism of the purchase of the submarines, undoubtedly.

[Charges by Rev. Dr. Bland.]

Sir CHARLES DAVIDSON: Have you read the evidence in the submarines inquiry?

Dr. BLAND: I saw some of it in the newspapers.

Sir CHARLES DAVIDSON: On what evidence did you found that statement?

Dr. BLAND: Well, Sir Charles, I had no more knowledge than any other citizen of Canada, and that was the statement I made and which, of course, some may think was an incorrect statement. I had no special knowledge of it nor was my knowledge of it derived from any other source than my following it in the newspapers. It was simply my own impression.

Sir CHARLES DAVIDSON: In this case of the submarines, we have completed the evidence in the past week or two, and it was cumulative as to the desirability of the purchase and as to the reasonableness of the price, and many witnesses have sworn to that effect. As I am re-reading all that evidence over very carefully, I would like to know on what a statement of the kind you have made could be founded.

Dr. BLAND: I am afraid that I simply have to bear the responsibility of it and to be judged by any Canadian people who are interested in my remarks.

Sir CHARLES DAVIDSON: There was a great volume of evidence given at Victoria which points out that the purchase of the submarines was most essential and preserved the safety of the coast.

Dr. BLAND: I recognize that perfectly.

Sir CHARLES DAVIDSON: And as to the price, there was a crisis of course at the time and these witnesses have stated that it was not a question of days for bargaining but of hours; that two hours delay would have lost the submarines to Canada, and that other powers were seeking to get hold of them, and that other similar submarines have been built since at a larger price. I put that to you frankly. I do not want to make any definite statement until I have gone most closely into an analysis of the evidence. My observation was that so far as the evidence went there was no challenge as to the price, and this was a very serious statement of yours. I was startled when I read that statement.

Dr. BLAND: Well, unquestionably there is another side to it, and others have taken a different view. I suppose you will admit, sir, that there are others in Canada probably who would sympathize with my view, whether they are correctly informed or not.

Sir CHARLES DAVIDSON: I shall be glad to give you, Dr. Bland, my digest of the evidence, so far as that has gone, and if you peruse it and point out to me any evidence that would justify the statement you made, I should be obliged to you—in fact the whole of the evidence would be at your disposal.

Dr. BLAND: I should always, as a patriotic Canadian, be glad to be found in the wrong where I had supposed that a Canadian had done wrong, and found that he had not.

Sir CHARLES DAVIDSON: I shall put all the evidence at your disposal, Dr. Bland, as to the purchase price.

Dr. BLAND: That is exceedingly courteous of you, Sir Charles, and I should be glad to see it, as I said, I have followed the newspaper reports.

By Mr. Thompson, K.C.:

Q. In the *Tribune* of Winnipeg, on March 30, appeared the following letter from Dr. Bland:

SIR,—In reference to that distorted interview I wish to state in simple fairness that I passed no judgment on the bacon supplied to the troops in Winnipeg.

In regard to the butter to which I did refer, I may say that I have been in communication with the contractors, and with the supply depots, and I have reached the conclusion that while butter has been occasionally rejected the reason lay either in inadequate provision for its storage so that it got heated, or in the differences of taste and in the admixture of inferior samples that might easily be accidental. I find that satisfactory butter was always substituted and that the authorities at the depots declare themselves satisfied.

In regard to the bread supplied in Winnipeg the contractors who furnished bread to the Winnipeg troops were never in my mind. I am sorry I was so reported.—S. G. BLAND.

Dr. BLAND: May I explain that?

Mr. THOMPSON: Yes.

Dr. BLAND: When I got back to Winnipeg from Port Arthur I found in the *Free Press* this press despatch which was read by Mr. Thompson, and I saw at once that it charged me with a political attack and also implicating the military authorities, and I felt, therefore, that I would have to correct these two impressions. But, in the afternoon, a reporter from one of the city papers came to me, and said that the paper was desirous of looking into this thing, and would be glad of any assistance that I could give. So having great confidence in the paper, I told the reporter what I knew, specifying precisely where it applied to a particular point and where it did not, where it was vague and general. I supposed that he was simply going to look about and discover whether there was any evidence to substantiate or confirm it. The next afternoon, to my consternation, I found in the paper a most lurid and exaggerated account of what I had said. There was truth in it, but it was truth that was hidden and localized in Winnipeg; everything related to Winnipeg; the Winnipeg division had been supplied with bacon that was crawling with vermin, and the Winnipeg contractors had supplied bread that was only twelve ounces to the pound in weight. Everything was distorted; I was confounded.

Sir CHARLES DAVIDSON: Have you that interview with you?

Mr. THOMPSON: Yes, it follows immediately after the letter in the *Tribune*. The *Tribune* says, after Dr. Bland's letter:—

Dr. Bland is mistaken. He did pass judgment on the bacon in discussing the matter with the *Tribune* news editor and members of the staff. He corrected the statement which appeared in the Home Edition of the *Tribune* of Tuesday, in which he was quoted as saying that some of the bacon was "crawling with vermin." He changed it to read: "The bacon supplied to some of the battalions is inferior in quality and the fact that the men are not fed with it is due to the vigilance of an inspector who was inspecting it."

He also said, or, rather, put down in his own handwriting: "Loaves of bread have been found to contain 12 ounces to the pound."

He further stated that "constant vigilance has to be exercised to keep out inferior meats."

Dr. BLAND: I did make the correction. That was in the three o'clock edition. I made some corrections, but it was done in great haste and I did not succeed in correcting the localization. That was not in my mind at the time. I struck out the exaggerate adjectives, but I overlooked the fact that the interview could still be read as referring to Winnipeg contractors, and that prompted my letter of the next day, in which I disclaimed the interview and said I did not attribute any of these things to Winnipeg, except in the case of butter and hay, and the hay, of course, remained as it was.

By Mr. Thompson:

Q. You localized it?—A. Yes.

Q. We are not so much interested in the localization; I want to know whether any bacon supplied to any of the troops throughout Canada was crawling with vermin?—A. No, I never said that. That was simply yellow journalism of the worst kind. My adjectives were such adjectives as I have used here.

Q. Did Colonel Mullins localize the inferior bacon?—A. No. There is but one mis-statement that I will admit I have made, and that is in regard to provisioning the troops, and my recollection was that Colonel Mullins did say that the butter was removed.

Q. What is that?—A. Sent back.

[Charges by Rev. Dr. Bland.]

Q. The words used were "being moved?"—A. I understand it was rejected. I thought that Colonel Mullins referred to Winnipeg, and that made me make the explanation in the matter of butter and hay in Winnipeg. Then the Winnipeg contractors asked to see me and we had a conversation about it, and they said that although some of their butter had been rejected they thought it was rejected for reasons that did not reflect on them at all, and I got into communication with three of the military supply depots in Winnipeg and their statement confirmed the contractors' statement, so that I said I had made a mistake and I did what I could to rectify it by that letter which you have read. That is one of the statements which I admit was incorrect in connection with the provisioning of the troops, and since, in conversation with Colonel Mullins, he incidentally remarked that his references to the butter did not apply to Winnipeg.

Q. Did he state who the contractor was?—A. No.

Q. As a result of this conversation with Colonel Mullins, did you infer that the military authorities had prevented inferior supplies reaching the troops, or did you infer that they were used by the troops?—A. The impression given to me, and I wish to make that very clear was, that in all these cases these articles have not reached the troops; that Colonel Mullins and his associates, and Colonel Mullins especially—I was impressed with his vigilance, with his conscientiousness, and with the real devotion with which he was discharging his duties—and that in fact had a good deal to do with my referring to it publicly—I felt that Colonel Mullins was throwing himself heart and soul into this work, and it stirred my indignation to think there were men, Canadians, who at a time like this should be required to be watched very carefully. If Colonel Mullins had not been so whole-hearted, and so thorough-going in the matter, I would have felt some hesitancy in referring to it. But, it seemed to me that when a man was doing his duty as vigilantly and as carefully as Colonel Mullins was, there was no harm for one in strengthening his hands and creating a public sentiment that would help to put an end to such a humiliating state of affairs. I would say that in every one of these cases the impression given to me was that the light weight had been corrected and the inferior goods had been rejected.

Q. Can you give the name of any contractor who supplied or attempted to supply inferior materials or food or supplies; you have given the name of one contractor, can you give any others?—A. As I have said, the references to the hay apply to Winnipeg.

Q. And about the coal?—A. I do not know where that was.

Q. Do you know whether there was more than one hay contractor in Winnipeg?—A. I do not know.

Q. And the beef referred to Winnipeg, did it?—A. No, I referred to the beef at Sewell Camp last summer.

Q. Is that what you had reference to in your sermon, did you have reference there to the beef at the Sewell Camp?—A. There was beef at other places; as I understood it I was referring to inferior beef; I understood that there was an attempt to push inferior beef on the inspector.

Q. Are you speaking of specific instances or from general recollection of the conversation?—A. From general recollection of the conversation.

Q. Have you any further information to give us of any description whatsoever, which will lead to the detection of any frauds which may exist?—A. Well, there was other information in the conversation, which was referred to in my letter to the *Free Press*, that is to say, I state that the soldiers were being well fed in Winnipeg this winter in marked contra-distinction to last winter when they were fed wretchedly.

Q. Did you make an investigation when you returned to Winnipeg after your sermon; did you go through any of the quarters of the troops?—A. No.

Q. Did you examine any of the supplies?—A. Further in regard to that, statements were made in regard to the ill feeding of the troops last winter, in contra-distinction to this winter when the Army Service Corps was feeding the men, and feeding the men well. Last winter it was let out by contract at twenty-five cents per soldier per meal, and then sub-let at 11 cents per soldier per meal, and then money

was made by these contractors on that, and the statement was that the men were then wretchedly fed.

Q. Do you know that to be a fact or is that a statement made from information supplied to you?—A. Like the other information.

Q. I call your attention to this statement in the *Winnipeg Tribune* of March 30:

At the invitation of Winnipeg contractors for military supplies, Dr. Bland went on a personal tour of investigation of supply depots in the city Wednesday.

A. That refers simply to the case of the butter. As I said, I had a long conversation with men who were interested in the butter. There were two of them, and I got into communication with three of the supply depots in the city, and that is what *The Tribune* referred to, and I was satisfied that no charge was to be made against the butter supply in Winnipeg.

Q. Was butter the only article you inspected?—A. That was all.

Sir CHARLES DAVIDSON: Do you think it would be possible, and if so, would you have the courtesy to do it, to write the sermon you delivered in so far as it affects these charges?

Dr. BLAND: Yes.

Sir CHARLES DAVIDSON: I would like to have it before me.

Dr. BLAND: Sir Charles, if you wish, I can very briefly give you the line of argument I took.

Sir CHARLES DAVIDSON: I would prefer it in a precise form, because I must confess that when this was brought to my attention I was astonished that such a widespread condition of absolute dishonesty should exist in these days, and my view was that there would be no limit to this investigation with regard to bringing these thieves, if they existed, to justice; so I would like to have your sermon in precise form if you would be kind enough to give it to me.

Dr. BLAND: Certainly, with pleasure. Might I indicate, briefly, how it was that I came to refer to these matters?

Sir CHARLES DAVIDSON: Certainly.

Dr. BLAND: The conversation took place on the Saturday morning on the train going to Port Arthur, where Dr. Crummy and myself were appointed to speak on behalf of Wesley College, the institution of which Dr. Crummy is president. When I reached Port Arthur in the afternoon I found I was not expected to speak on Wesley College. I found that Dr. Crummy had dealt with that subject comprehensively in the morning, and it was thought desirable that I should deal with some general topic of interest. There was a line of thought that had been in my mind for some time and deeply interesting to me, and I took it. That line of thought was the extraordinary contrast that was being presented in Canada at this particular juncture in the spirit of the soldiers and in the spirit of certain other Canadians. Nowhere perhaps in the world were men responding to the call to arms in a more distinterested and generous way. And the young men of Canada, and they were leaving comforts and in many cases good positions, to accept their bare livelihood with a good deal of discomfort and hardships, and possibly wounds and death, simply at the call of duty and in the spirit of self-sacrifice. Then I said that on the other hand a great many Canadians were seeing in this war simply an opportunity to make profits, and that is why I referred to all these things as illustrating that spirit and this antithesis to the soldiers' spirit. Then I went on further to say: how does it come about; these men are all Canadians; they have been brought up in the same towns and villages, they have attended the same schools; how does it come about that one has shown the spirit of a Christian hero, putting all thought of personal gain under his feet, while the other is actually willing in some instances to try and make gain out of the flesh and blood of these heroes. My motive in referring to this was to arouse public opinion against all that sort of thing. But it was still more than that, it was this: I wanted men to face the question: why should Canadians, in many cases friends

[Charges by Rev. Dr. Bland.]

and relatives, why should they in these things show a spirit so different from the spirit which the others have shown in this war. That was the main object of my sermon: simply to get at the reason for that, and I tried to show that the reason was that in business, as at present constituted, the making of profits is not only legitimate but necessary, and that men must make profits, that their whole aim must be to make profits, the consequence being that their minds are so permeated with the idea of making profits that when the temptation came to make large and easy profits, a good many of them yielded to it—and probably always will yield to it. I pointed out that when the call to arms came, men should be guided by another motive, and should serve and sacrifice. What I pleaded for, and what I felt is the only right way is, that business should be put on the same basis as that which inspires those to make the sacrifice, that business will have to be put on the basis of national service, so that men will go into business as they now go into the army, actuated with the spirit of serving their country in the way in which they are best qualified to serve it. You can see, Sir Charles, that it was not a sensational sermon; I was not trying to make a stir. These references were simply incidental to the line of thought I felt was very important.

If it would be of interest to you, Sir, I may say that I have had a letter from the pastor of the church in Port Arthur, regarding the distortion that my remarks had undergone. I wrote to him saying I would be glad if he would state what his impression was of the sermon, and he gave me this statement. May I read it?

Sir CHARLES DAVIDSON: Yes, it can go concurrently with your statement.

Dr. BLAND: This is the statement:

PORT ARTHUR, Ont.,

April 6, 1916.

To whom it may concern:

This is to certify that I, George K. B. Adams, minister of Trinity Church, Port Arthur, was present at the Sunday evening service on March 26, and did personally hear the Rev. Dr. Bland, of Winnipeg, preach a sermon, in which he declared that:

1. In connection with the "Shells Committee" the Government, whilst reluctant that all should be known, will find yet it will become known.

2. That in connection with the provisioning of the soldiers a number of contractors were persistently and repeatedly trying to cheat the Government and the soldiers, so that the military authorities had to be ceaselessly vigilant, and that by their vigilance they had secured for the soldiers fare that was not satisfactory to the men at a minimum cost.

3. That there is a tremendous contrast between the spirit of our soldiers and the spirit of men who were trying to make undue profits out of the war. (The greatest emphasis being placed upon the magnificent spirit of the soldiers rather than on the commercial turpitude.)

4. That the great effort of our lives should now be to discover how the spirit and principles of commercialism may be superseded by the soldiers' spirit of duty, service and sacrifice.

I further certify that I have spoken since to a number of thoroughly reliable and competent members of the congregation, as to the fairness of the newspaper criticisms, and every one has declared that the doctor was eminently kind and fair in his remarks, and that he might have gone much further and still have been within the boundaries of truth and sobriety.

(Signed), GEORGE K. B. ADAMS.

May I add to that that I had no intention of ever mentioning the source of my information. I thought that I could refer to the condition of affairs that existed without involving the source of my information. If my remarks had not been so distorted into charges of graft and political corruption, I do not think it would have

[Charges by Rev. Dr. Bland.]

been necessary to state the source of the information, and I submitted to a good deal that was very unpleasant on going back to Winnipeg, because I felt that I could not honourably reveal the source of my information. However, the name of Colonel Mullins got into the press, not through me, and since Colonel Mullins returned I asked Dr. Crummy, as having been present at the interview, to see Colonel Mullins with me. I wanted to do two things; I want first of all to point out to Colonel Mullins that I had not used his name.

Sir CHARLES DAVIDSON: You might put that statement so that it will not cover your telegram to me; I want to avoid an apparent contradiction.

Dr. BLAND: I want Colonel Mullins to understand that up to that time I had not used his name, and that I did not wish to use his name without his permission. Dr. Crummy and I of our own accord called on Colonel Mullins, and Colonel Mullins asked us all to see General Hughes, and the conversation took place in General Hughes' office. My whole aim in that conversation—

Sir CHARLES DAVIDSON: Where was this?

Dr. BLAND: In Winnipeg. My whole aim in that conversation was to set myself right with the military authorities. I felt keenly that they should be regarding me as a slanderer, when my whole motive was one of sympathy with them and desire to support them and facilitate them in their work. Accordingly, we had a long talk, and finally I said I thought I could prepare a letter to the press which would be satisfactory to Colonel Mullins and myself, and I wrote a letter which appeared, I believe, in the three Winnipeg papers, and in the letter I made two points. One was, that the source of my information was Colonel Mullins, and the other was that I had never intended to reflect upon the military authorities; that all that I said was said under the impression that the military authorities were doing their duty. My whole aim was simply to arouse public opinion against those contractors who were seeking on their part to take advantage. I have since then had reason to think that that effort of mine was needed, for I have had presented to me such views as this: army contractors—why take army contractors—army contractors have always been army contractors, notoriously men who are trying to make undue profits. I submit pusillanimous. The other view that has been presented to me is, that if they did not get past the inspectors they did no harm; if they did not cheat the Government there was no harm done, because what were inspectors for but to guard against that? Men have said to me: there is no fault to be found with that so long as the officials do their duty and keep these things out; the contractors are just playing the game, and if they succeed then it is the inspectors who are at fault; if they do not succeed no harm is done. That kind of talk, which I have heard, seems to me, is very much as if a pickpocket who has not succeeded in getting his hand into somebody's pocket, and who, nevertheless, is nabbed by a policeman, asked to be released inasmuch as he has taken nothing, and that it is the duty of the policeman only to prevent him. These remarks, which as I have said we frequently hear, seem to me to indicate a low tone of public morality in regard to these things, and I felt it was a preacher's duty to call attention to this low tone, and do what he could to arouse the public conscience in these respects.

Sir CHARLES DAVIDSON: Can you mention any instance, Dr. Bland, in which the public funds have suffered, or the public interests have been sacrificed, because of failure of duty on the part of the military officers?

Dr. BLAND: This applies simply to the provisioning of the troops in the Western Provinces.

Sir CHARLES DAVIDSON: I make my question as broad as possible; I desire to investigate this thing and to get to the bottom of it.

Dr. BLAND: Of course, in regard to the general state of affairs, I am very largely interested in the work of this Royal Commission, and my remarks on the low state of morality are based on the work of the Royal Commission; but in regard to the provisioning of troops in Western Canada, my remarks were wholly based upon the statement of Colonel Mullins. I felt that his authority was unquestionable. He impressed

[Charges by Rev. Dr. Bland.]

me as being so sincere and so careful that his statement could be accepted at par value.

Sir CHARLES DAVIDSON: Putting this in definite form—are you aware of any definite cases in which the military authorities failed in their duty?

Dr. BLAND: No, I am not aware of any such cases.

Sir CHARLES DAVIDSON: Apart from any disclosures which may have been made before this Commission, and of course they are the subject of investigation, are you aware of any instances in which graft has existed?

Dr. BLAND: There have been a few statements made to me since this matter became public, but they may have no value at all.

Sir CHARLES DAVIDSON: They are not what you consider of serious import?

Dr. BLAND: Oh, nothing at all, I did not look into them; I do not wish to be tangled up with that sort of thing.

Sir CHARLES DAVIDSON: You have to be careful of that. How many pages of accusations have you had put into your hands, Mr. Thompson?

Mr. THOMPSON: About five hundred.

Sir CHARLES DAVIDSON: Really, I have been shocked at the epidemic of slander. We have investigated all this and more; we are desirous of information conscientiously given, but it is startling how every man's hand seems to be raised against his neighbour's honour; I suppose it is human nature.

Dr. BLAND: Yes, it may be.

Sir CHARLES DAVIDSON: You have come, Dr. Bland, at my request to Ottawa, and you have given a very frank explanation of this; how long are you going to be in the eastern provinces?

Dr. BLAND: My work at the college is not finished, as examinations are going on and the papers are being read. I would wish to comply with your desire as far as possible. I was aware from the first that my statement dealt with moral conditions rather than with political delinquencies. I have suffered grievously because of some remarks which I have tried to correct as far as possible, but I recognized that I was in the preacher's province rather than in the juror's. I thought there was a matter there that called for protest, and I so still think; I recognized that the preacher's province and the judge's province are, to a certain extent, distinct.

The witness retired.

Reverend Doctor EBER CRUMMY, Principal of Wesley College, Winnipeg, sworn:

Examined by Mr. Thompson, K.C.:

Q. I understand, Dr. Crummy, that you were in Toronto on business?—A. Yes.

Q. And you have come here to give evidence in this matter?—A. Yes.

Q. Were you present at the conversation between Dr. Bland and Colonel Mullins, which you have heard referred to here this morning?—A. Yes, I was.

Q. Where was that conversation held?—A. In the sleeping-car in which we were travelling to Port Arthur from Winnipeg.

Q. Was the conversation between you and Colonel Mullins, or between Dr. Bland and Colonel Mullins, or between the three of you?—A. It was more largely between Colonel Mullins and Dr. Bland; I believe I introduced the subject.

Q. You started the ball rolling?—A. I should explain that on previous journeys through the province, at least on one occasion, I had met with Colonel Mullins, and as an old friend I was interested in his work and was very interested in the treatment of the soldiers. I expressed my great satisfaction at the change the Government, and he as an official of the Government, had made in the condition of the soldiers, and the interest taken in them, so that, on introducing Colonel Mullins to Dr. Bland, I referred to this previous conversation as being most comforting, even though it had the dark shadow of suggesting that eternal vigilance was essential to protect us from sharp

[Charges by Rev. Dr. Bland—Dr. Crummy.]

practice on the part of certain contractors. Then, in the conversation which followed, it was more largely taken part in by Colonel Mullins and Dr. Bland, although I participated in it.

Q. Did you ask Colonel Mullins how his inspections were getting along?—A. I think I suggested the character of the previous conversation. I think I asked him if any more dishonest contractors were caught. I was asking him, in fact, if he would repeat, in substance, what he had already told me, or give an illustration of the character of his work. I may say that with regard to this it was not only my personal interest in the work of Colonel Mullins, but it was to me a matter of the greatest satisfaction that the military organization had become so completed that they had succeeded in securing the services of a man of Colonel Mullins' experience. Let me say that in view of much newspaper comment, which showed suspicion in the mind of the people, it was to me most gratifying that that should be allayed by a specific statement as to the great care and vigilance displayed by Colonel Mullins, acting in his capacity for the Department. That was my object.

Q. In other words, you wanted Dr. Bland to know of the vigilance of Colonel Mullins, rather than any dishonesty on the part of the contractors?—A. Quite so; it was the splendid organization I was referring to and the splendid work of Colonel Mullins.

Q. Then, apparently, the conversation drifted over to the graft side; the dishonesty on the part of the contractors?—A. Naturally, there was vigilance against that and you could not specify cases without suggesting what he was guarding against.

Q. You heard, I presume, what Dr. Bland said with reference to specific instances which had been mentioned to him by Colonel Mullins?—A. Yes.

Q. Can you give us the names of any of the contractors?—A. No, I did not catch any names whatever, but that does not mean that they were not mentioned. The first part of the conversation was that which I had talked over with Colonel Mullins on a previous occasion, and I did not follow it with the same care as I did follow it in the first instance. Consequently, I was not particularly interested in the contractors. I did not see any use that could be made of it, and so I was more interested in the vigilance that was guarding against cupidity on the part of contractors.

Q. Do you know whether Colonel Mullins stated that the contractors had succeeded in supplying provisions to the troops which were accepted by the Army Service Corps or the military authorities?—A. No, my impression was that so complete had become the organization under his supervision that practically any crookedness in the way of dealing on the part of the contractors was eliminated, and that improper service of delivery did not reach the troops. I think the impression was not only most distinct on my own mind, but, that that was exactly what Colonel Mullins conveyed or meant to convey. That was my object in introducing the subject, it was my pleasure in that fact.

Q. Is that why you drew Colonel Mullins out?—A. Quite so.

Q. Is there anything you can add to what you have already told us with regard to that conversation?—A. I do not think it. I may just repeat that when specific instances were mentioned in a general way, they were mentioned solely to illustrate the difficulty which had been overcome and was being overcome and by the completeness of the organization. My mind was fixed on that point, and I think that also was the purpose of Colonel Mullins, pointing out the completeness with which the Department succeeded in provisioning the troops. Indeed I remember that he remarked—and I speak of this as being a justification of his engaging in such a conversation—that the public should be advised of the great care which is being exercised, but that it was more or less difficult to give that, because of the partisan colouring which marked the newspapers. At all events, to get to the people correct information about such things, is, in my judgment, of the greatest value. I remember Colonel Mullins remarking along that line that he could assure fathers and mothers that their sons in the army were being properly looked after, and that their food was being guarded with the strictest care, that nothing but first-class material was being secured by the Depart-

[Charges by Rev. Dr. Bland—Dr. Crummy.]

ment, and that they were seeing to it that nothing but what was first-class should reach the soldiers—speaking also of the whole Department, including the Minister, and placing the greatest emphasis on the fact that he had a free hand in carrying out the policy of securing material of the best quality and seeing that it reached the soldiers. This was a statement which caused me great satisfaction, not only as a citizen interested in the well-being of the country, but as the father of sons in the army.

Q. Do you remember the particular instance to which Dr. Bland has referred, namely, that worthless hay was furnished by a contractor or contractors?—A. I remember that.

Q. And which the contractor or contractors attempted to pass off on the military authorities?—A. I cannot at all say about that. My impression was that it was not passed off on the military authorities, but that they had the greatest difficulty in trying to get the contractor to supply first-class hay, and it was explained that this contractor happened to be not an extensive dealer, and consequently he found difficulty in supplying that first-class hay which the contract called for, and that he was bringing in and was having refused inferior quality. Let me say here that we asked Colonel Mullins if there was any way of really exposing and punishing men who would offer inferior goods or deliver inferior goods in the hope of their being received, and he spoke of the difficulty of that, pointing out that the contractor would say it was a mistake, or that it might be a mistake, and that there was no way of proving it was not a mistake. He told us that he was striving to get the contracts into the hands of responsible contractors, especially the largest contractors with a long and honourable record in business, and that he was largely accomplishing that.

Q. There was nothing to indicate in the conversation that the inferior goods offered were actually taken into stores?—A. No.

Q. Do you recollect him referring to light weight coal?—A. Yes.

Q. Did he mention the name of the contractor?—A. No, I do not think so.

Q. Do you remember him speaking about light weight bread?—A. It was mentioned, that has remained in my mind.

Q. Do you remember him referring to cheap jam, do you know who the contractor was?—A. It was mentioned, but I forget it.

Q. Dr. Bland referred to this as a very common practice?—A. Colonel Mullins referred to apple butter or something of that kind, that I am not familiar with; at all events, he referred to some inferior quality of jam that would be delivered when first quality was ordered.

Q. Do you remember him referring to inferior bacon?—A. It was mentioned, I think, but I have not got the details in my memory. The conversation went into the detail but it did not impress my mind in detail, as it has since.

Q. Have you any information as to the inferior supplies other than from the conversation with Colonel Mullins?—A. No.

Sir CHARLES DAVIDSON: Can you mention any case in which there was collusion or improper conduct on the part of public officials through which the public have been defrauded?

Dr. CRUMMY: Do you ask me if I am aware of any?

Sir CHARLES DAVIDSON: Yes.

Dr. CRUMMY: None whatever. As I have indicated, my relation to the conversation was more satisfaction with the vigilance and care of the military authorities rather than the contrary.

The witness retired.

COLONEL HENRY A. MULLINS, Inspector of Supplies for Western Canada, sworn:

Examined by Mr. Thompson:

Q. Colonel Mullins, you heard the evidence of Dr. Bland given this morning?—

A. Yes.

[Charges by Rev. Dr. Bland—Col. Mullins.]

Q. He referred to certain articles such as frozen liver, butter, hay, coal, bread, jam, bacon, and beef?—A. Yes.

Q. He said his information on these points was obtained from you from his conversation with you on the train, do you recollect referring to these items?—A. Yes, in the conversation I had with Dr. Crummy and Dr. Bland on the train, I did refer to this, but may I mention here that that conversation was absolutely and entirely a private conversation and Dr. Bland had absolutely no authority from me to use that in the pulpit. I think, Sir Charles, it is rather unfair that I should be brought here before this tribunal in consequence of Dr. Bland's utterances in the pulpit. He apparently was short of a sermon for that Sunday, as he tells us he was going to preach on Wesley college, and as that had been dealt with before, he had to change his sermon on to this topic, and I think he treated me rather unfairly and subjected me to certain criticism—military criticism. I feel my position keenly at being brought before this tribunal in consequence of my having spoken, in what I thought a proper way, to Dr. Bland and Dr. Crummy.

But I did speak and I did say that to accomplish the work that had been given me by the Minister of Militia I had considerable trouble with the contractors throughout the West; not all the contractors, for I pointed out to Dr. Bland that there are men in the West who are absolutely honest and help me in my work, but also that there were men who persisted in delivering supplies not up to the standard and not according to the Government contract. I tried to make plain to Dr. Bland and to Dr. Crummy that these were the supplies I had trouble with.

Q. Did you refer to certain contractors who persisted in delivering supplies which were not up to standard?—A. No.

Sir CHARLES DAVIDSON: Take Dr. Bland's statement from the beginning.

Mr. THOMPSON: Dr. Bland is alleged to have said in this sermon:

The whole system of supplying food to soldiers throughout the three prairie provinces was permeated with graft and dishonesty.

Dr. Bland repudiated that.

COLONEL MULLINS: Yes.

By Mr. Thompson:

Q. What have you to say about this frozen liver that he spoke about?—A. In reference to that I attempted to show Dr. Bland and Dr. Crummy how the Department which the Minister had inaugurated, and how the Army Service were safeguarding the interests of all concerned by rejecting the supplies that were brought in and which were not up to standard. These supplies might be brought in, but they were rejected. In fact these supplies were not allowed in at all. For example, I came across some of this liver in Calgary, and I asked the officer where he got it, and he said he got it from Burns & Company. I said "why don't you buy it wholesale of Burns & Company, why buy it retail." I said: "If the Government wants that they should buy it wholesale and not retail, because if it is bought by retail the contractor will charge retail prices, whereas if it was bought in the wholesale way, where the supply was purchased by the War Purchasing Commission they could buy it much cheaper."

Sir CHARLES DAVIDSON: Was the contractor endeavouring to foist this frozen liver on instead of meat?

Colonel MULLINS: No, absolutely no.

Sir CHARLES DAVIDSON: At whose request was the liver supplied?

Colonel MULLINS: It was supplied at the request of the Pacific battalion, which is now overseas. They would ask to have liver supplied to them. When I asked the officer how he was settling for it he said: "I changed beef for liver" and the Government would be paying for liver, which was only worth five or six cents per pound, the price of beef. I did not go into that store because I rejected that.

[Charges by Rev. Dr. Bland—Col. Mullins.]

Sir CHARLES DAVIDSON: Were these returns made weight for weight or value for value? If they were asked to supply liver instead of beef would they make up for that by the equivalent value of the beef in liver; I know in some cases that is done; I think it has been done in Montreal.

Colonel MULLINS: Yes, sir, they do that. I asked the supply officer how he was exchanging this supply and he said he was exchanging it for beef. I said "take it away, I won't allow it, it is not the wish of the Government, I have a list of rations here, and that list will not allow that kind of thing to be done." We do not allow any exchanges because the orders of the Quartermaster General were that there should be no exchanges. I had a telegram from the Quartermaster General on December 29, stating that supplies were not authorized by headquarters. That has been completely stopped and that was where the trouble was coming in in the West, and I tried to make that plain to these two gentlemen I was travelling with.

Sir CHARLES DAVIDSON: Was this an attempt at fraud on the part of the contractors?

Colonel MULLINS: No.

Sir CHARLES DAVIDSON: What was it?

Colonel MULLINS: It was an exchange.

Sir CHARLES DAVIDSON: An exchange through whose assistance?

Colonel MULLINS: Through the supply officer. Where he would exchange that commodity the article would be given at the retail price, whereas the Government could have got it at the wholesale price.

By Mr. Thompson:

Q. I presume that what really happened was that the Quartermaster of the 56th Battalion would telephone to Burns and Company or to the Army Service Corps "send us down some liver for to-morrow for our breakfast instead of beef?"—A. That was along the line of it.

Q. Or was it that the contractor, of his own motion, would send up this liver instead of beef?—A. No, he could not get it in unless it was ordered. However, it was rejected.

Sir CHARLES DAVIDSON: What would be charged for it to the public?

Colonel MULLINS: I did not ask at that time.

Sir CHARLES DAVIDSON: You did not come to that point?

Colonel MULLINS: No, he said he was exchanging it for beef and I took it for granted they were making the exchange, but I did not go into it, whether it was costing the price of beef or not, because I rejected the article and as it was not charged I could not know what it would be charged at.

By Mr. Thompson:

Q. And this liver did not reach the soldiers?—A. No.

Q. And it was never paid for by the Government?—A. No.

Q. A point was made in the newspaper reports about the liver being frozen; has the fact of its being frozen injured the quality of the liver?—A. Oh, no, it was simply in cold storage, and there are thousands of tons of that all over the country. This liver is generally put in cold storage and there is no difference in the quality between that and fresh liver; that would have no bearing on the question at all.

Q. What was said about the butter in this conversation?—A. As to the butter, we had a lot of trouble all through the West in getting the right butter. When the butter was not just up to their taste the men would send it back and the unit would complain about it, and there was quite a lot of trouble between my own department and the Army Service Corps in trying to get them good butter, and that is what I was trying to make plain to Dr. Bland and Dr. Crummy. I pointed out to them that we had succeeded in getting good butter. The contractors had to satisfy us about the butter. But, I think the contractors themselves had a lot of trouble in trying to get good butter.

Q. To get butter at all or butter of good quality?—A. To get the quality that was called for. May I read a statement which I had on February 1, 1916, from Major Day, the assistant inspector of the Calgary district, to me:

The Quartermaster reports meat uniformly good; they are paying 9½ for beef and 14½ for mutton. The complaints as to butter were very numerous, in fact the butter was unfit for table use. This was dairy butter at 28 cents a pound. The men are now being supplied with creamery butter.

This means that they were getting just as good butter as we wanted. We wanted to have the very best food possible so as to have efficiency with all waste eliminated and economy practised.

Q. Apparently the complaints about the butter were numerous?—A. Yes.

Q. Did you change the contractor?—A. No, because he made the butter good. If inferior butter came he would take it away and make it good. Either myself or my assistant would take it up with him. We had some trouble with the butter in Winnipeg, but they made it good.

Q. If they persisted in supplying poor butter why did not you change the contractor?—A. Well, the poor butter was supplied in many places, and the contractor had a contract with other stuff combined with it.

Q. What other supplies would these butter men put in?—A. The groceries were included in it.

Q. It was the grocer who supplied the butter?—A. Yes, but that has been changed since. New contracts are out and they were changed on the 21st of March. The matter is now put on a better system and the contracts are better; everything is now on a better system.

Sir CHARLES DAVIDSON: Was that as the result of experience?

Colonel MULLINS: Exactly, sir, yes. We are getting experience every day in my line.

By Mr. Thompson:

Q. What about the worthless hay?—A. Well, it was nearly impossible to get good hay. I have taken it up with the contractor half a dozen times, and I would send my inspector to the units, and I would send out my inspectors. The units would call me up and say that the hay was no good. When they would open the bales they would find that the hay in the inside was not of good quality. If you take a car of hay and look at it from the door of the car, the bales at the door may be all right, and when you come to get into it the hay may not be so good. If the inspector simply looked in the door he could not tell what was in the balance of the car.

Q. Would the contractor know?—A. No, the contractor would not know it is the shipper out in the country who leads up the car, and the man in the country does not put the worst hay right at the door, because he knows that will be the first inspected.

Sir CHARLES DAVIDSON: The contractor might himself be deceived.

Colonel MULLINS: Oh yes, he could be deceived in the balance of the car, and he would send it up to the units and then the trouble would begin.

Sir CHARLES DAVIDSON: Would the contractor pay for it in the country without seeing it?

Colonel MULLINS: Oh yes, but that was not the point. His contract called for good hay and he had to deliver good hay.

Sir CHARLES DAVIDSON: But as regards the honesty or dishonesty of the contractor, it is important whether he knew of this inferior hay being in the car?

Colonel MULLINS: Well, in many cases he does not know, and he could not tell.

Sir CHARLES DAVIDSON: But if he shipped this hay from his own warehouse or stables, he would know?

Colonel MULLINS: Yes, and when that came into the different units, it was rejected.

Sir CHARLES DAVIDSON: But it was sometimes shipped from his own stables?

Colonel MULLINS: Yes.

Sir CHARLES DAVIDSON: Have you got the name of that contractor?

[Charges by Rev. Dr. Bland—Col. Mullins.]

Colonel MULLINS: I do not know his name.

Sir CHARLES DAVIDSON: You do not know the name of the contractor?

Colonel MULLINS: I do not remember his name, he is a foreigner living in Winnipeg, I know where he is doing business.

By Mr. Thompson, K.C.:

Q. How long did his contract continue?—A. It runs on until next fall.

Q. It is still running on?—A. Yes.

Q. Did you report to the Quartermaster General, for example, that this contractor was supplying hay of that quality?—A. No, but we changed the system altogether. We used to have the hay delivered up at the exhibition buildings where the Fort Garry Horse were located, and now instead of letting him send the hay up in loads it is delivered by the carloads and we take whatever carload of hay we see is best. If all the hay was good we took all the car, and if any of it was bad we rejected it right through. That simplified matters. Since that change has been made we have been getting good hay.

Q. Do you have to reject any hay under the new system?—A. We simply do not take it, we simply leave it there in the car on his account. We do not take it into stores and the Government does not pay for it. The Army Service Corps officer and my own inspector look it over at the railway station, and if it is not right up to standard we reject the whole car and he has to take it away. I may say that the day I came away the hay inspector called me up and asked me if I would not go through the hay yard in Winnipeg and look at the hay, and I said I would send my assistant down as I had to go East. I sent him down to look through the cars and take in the stores, but at the same time I told him to accept no car until it got into the barn up at the exhibition grounds, and then I said "Let the Army Service take out of that hay what is good and leave the bad to the contractor." It was when hay was very scarce in that country that we used to have endless trouble in getting good hay. This contract calls for good hay, but he did not have a stock on hand and he had to send what was on the market because the horses had to have the hay.

Q. What percentage of this hay did you have to reject?—A. Well, we rejected quite a lot of it; we rejected all that came into the barn that was bad, and he drew it away again.

Q. Was it bailed hay?—A. Yes. The men in the Army Service attend to that and their duty is to see that the supply is up to standard.

Q. But under the system of getting this hay the contractor might innocently supply hay of an inferior quality without knowing it was such?—A. Yes, he could. If he bought a car of hay he might send his man down to take the car and it might look good at the door, and when he got into it it might be bad.

Q. Did he supply any hay from his own stable or warehouse to the military authorities, which the military authorities were obliged to reject?—A. Oh, yes, we had hay which we rejected in that way.

Q. He must have known that that was bad hay?—A. When we opened the bales the bales did not break satisfactorily.

Q. Could you tell it was bad hay without opening the bales?—A. Not always; outside it would be all right, and when the bale was opened it would be bad. Then the unit would call me up and say that the hay was no good for the horses, and in that case either my inspector or myself would go right up and get after it and we had a lot of trouble in getting the quality of hay that the contract called for.

Q. Could one see at a glance that any of the hay which he supplied in that manner was bad?—A. No.

Q. You would be obliged to open the bales to see that?—A. They would have to open the bales.

Q. What I want to get at is whether the contractor supplied hay which he himself necessarily must have known was inferior hay.

[Charges by Rev. Dr. Bland—Col. Mullins.]

Sir CHARLES DAVIDSON: Could hay be fraudulently baled so that outside it could appear to be good and while it was bad within?

Colonel MULLINS: Yes, unfortunately. I have a ranch outside Winnipeg and I am baling hay now. I have 500 tons of hay, and, unfortunately, it is quite a common thing that there is "foxtail" in it. This foxtail puts the horse's mouth out of commission; it gets under his tongue and hurts it, and the foxtail is usually put into the middle of the bale.

By Mr. Thompson:

Q. But that is not done with your knowledge?—A. Oh, no; I must make that clear. My men will say: "What are you going to do with that foxtail?" and I always inform them that they must leave the foxtail in the stack. I always caution them not to bale it. I do not want to be charged with having baled hay with foxtail in the centre. Hay can be baled so that the foxtail is put in the middle of the bale pretty well, and when the bale is broken it is found to be full of foxtail.

Q. Was there much foxtail delivered to the Army Service Corps?—A. No, we rejected it.

Q. What about the light weight coal?—A. I called up one of the battalions and I asked them if they were weighing their coal and they said they were not, and I told them they had better weigh it as I believed it was in the interest of all concerned that there should be a check, and one of the battalions, which is now in mid-ocean, the 61st, called me up and said they took it to the city scales and that the load was 500 pounds short. I told them to keep on checking the weight. So we kept a check on the weight.

Q. Was that 500 pounds short in one load?—A. Yes.

Sir CHARLES DAVIDSON: What did the contractor say?

Colonel MULLINS: I did not take it up with him. I did not call the contractor up but I kept on weighing the coal. I do not know who the contractor was.

Sir CHARLES DAVIDSON: Had the battalion not been checking the weight?

Colonel MULLINS: The coal was delivered right from the yard. There is supposed to be a city official that should do that, but I found that the coal was going right through to the unit without being weighed, except at the yard. I thought for our own safety we had better weigh all the coal, and that is what we found.

By Mr. Thompson:

Q. Was the amount deducted?—A. I would rather think so, I do not think the quartermaster would take it in without doing that. I told the other battalions to check their coal in that way and the 101st are checking it all the time. I saw that quartermaster the other day and he said they never used to check the weights before, but now they were checking them, and he said that now they did not burn nearly as much coal.

Q. Do you know whether that was reported to the Quartermaster General?—A. I do not.

Q. It was not reported by you?—A. No. I tried to get these matters right and I think I have done so, and I did not want to borrow any more trouble than I could help. These are not big matters and I have been able to get them right myself, and I thought that they have enough to attend to down here without bothering them, so long as I could get things right.

Q. What about the cheap jam?—A. Well, in reference to that; I was out at the Coast—the Minister sent me out on an inspection of certain matters that had come to his notice, and I stood there in one of the units with a private's suit on. I put a private's suit on so as not to attract attention.

Q. What for?—A. I wanted to see if what the Minister wanted to know was going on.

Sir CHARLES DAVIDSON: Is there any objection in the public interest to state what it was?

Colonel MULLINS: I do not suppose there is. The Minister wanted to know about the weight that was going on at a certain camp in the West, and about other matters

[Charges by Rev. Dr. Bland—Col. Mullins.]

that were supposed to be going on, which were not according to regulation, and he ordered that I should go direct to look into it, and the fact that there was excessive weight was demonstrated by a good many that were living in the district. Then I followed it up into this unit to see if the same thing was being carried out there. I thought when I found it down in the mountains that I might find it further on at the Coast and I went into that battalion and at the breakfast I heard a man complaining bitterly about the jam, and I thought I would look into the jam question. The contract calls for pure jam and I found Apex jam on the table, which is a low grade of jam. I do not know who the contractor was, I did not know who was supplying the jam, this was in Victoria. The men were repeatedly finding fault and pushing the tins of jam to one side, and they would not eat it. I looked into it, and looked through it, and I could not find any plums in the jam, although it was called "plum jam." I am told that they use what they call apple butter in it. It was not a good quality of jam at all. I took that up with the assistant director of supplies and transport, and he said that the contractor was supplying that jam, but that the other jam was a better jam. The contract called for Empress jam and he was supplying Apex jam. It was not the manufacturer who supplied the goods in that case, but I understand now that the manufacturer has got the contract and he is supplying Empress jam, which is a pure plum jam. The new contract that is let to the manufacturer of the jam, and previous to that it was let to some wholesale grocer, I do not know who, and he supplied the Apex jam instead of the pure Empress jam which he should have supplied, because the Empress was the genuine jam.

Q. What does the Empress jam cost the department?—A. I do not know.

Q. About how much?—A. I do not know.

Q. What difference in price would there be between the wholesale and retail?—A. There is about three cents a pound difference.

Q. How much of this jam would be used per day by a battalion?—A. That I cannot say exactly.

Q. Do you know how long this contractor had been supplying Apex jam?—A. No.

Q. How long after you discovered that he was supplying Apex jam did the contract continue?—A. I took that up right away and got the Apex jam out and got him to give a better jam.

Q. Do you know if he made a refund?—A. I do not know.

Q. Was it taken up by your department or by the quartermaster-general?—A. I took it up with the assistant director of supplies and contracts, Mr. Mallins.

Q. Did the contract specify Empress jam or did it specify pure jam?—A. Pure jam.

Q. Did he know that the Apex was not pure jam?—A. I think he would know that.

Q. Why did he not reject it in the first instance?—A. Who?

Q. The supply officer?—A. I do not know whether the supply officer knew about it being there or not. How I knew about it was that being at this other inspection I came across the supplies in store, and the men objected to it, and I was ambitious to get the men the best food that could be obtained. In fact now I have not had one complaint since then in my district over the entire West. They are now getting the jam made by A. D. Smith and there are no complaints about that jam; it is giving absolute, satisfaction. There have been no complaints since Smith supplied the jam.

Q. Did you say it was a common custom to supply cheap jam instead of pure jam?—A. It seems like it.

Q. Did you refer to Victoria?—A. That was localized more at the coast.

Q. Then you made reference to that in your talk with Dr. Bland?—A. Yes.

Q. That was correct?—A. Yes.

Q. And you do not know how long they had been continuing to supply the Apex jam?—A. No, but it was corrected right away when it was discovered.

Q. What about the inferior bacon?—A. Well, there would be continued deliveries of bacon that would not be according to contract.

Q. In which district?—A. All over, I will not refer to one district any more than to another, they were all alike. If a side of bacon is too fat the men won't eat it. The bacon must be streaked lean and fat and some men won't eat the other kind of bacon, and there was a big waste, and we were not getting the rations out of it.

Q. Was there much of that supplied or attempted to be foisted on the military authorities?—A. Yes, there was quite a lot of that. We had a lot of trouble to get the bacon up to the standard.

Q. What is the difference in value or price?—A. I do not know, that rough stuff is hard to sell. There is a good deal of waste about it and the bacon that the contract calls for is a different style of bacon altogether; it is streaked lean and fat. In fact, the Government contract specified that every article shall be of the very best quality according to this Government rations list.

Q. And apparently, according to your statement, the contractors were not supplying the best in the matter of the bacon?—A. It was not the best.

Sir CHARLES DAVIDSON: Were they stopped?

COLONEL MULLINS: Oh, yes, I took that up, and we did not accept it. If we found it was not according to standard we rejected it. I tried to teach the Army Service officer what the quality of bacon should be. You will understand that there are a lot of young Army Service officers who have not had a great deal of experience with bacon or meats, or stuff like that. It was entirely new to them. Some of them did not know that where they got a side of bacon that was not a profitable cutting side of bacon the Government would not get value of it. We taught that army officer the quality or the kind of bacon he should take. I used to take these young officers to one side and take the sides of bacon out, and show them the kind they should accept. It was the same way with beef. I found the beef in many places not up to standard.

Q. As a result of your inspection, what percentage of bacon was not up to standard?—A. Do you mean all over the West? That would be rather difficult to tell.

Q. You had reference evidently to some bacon, I do not know whether it was all over the West or not, when you were talking to Dr. Bland?—A. I was talking about all over the West; I did not want to localize any part of it. I do not think I specified anything excepting the exchange of liver for beef; I do not think I localized any other thing.

Q. You have told me that that inferior bacon had been supplied or that it had been attempted to supply it, what percentage would you say was inferior?—A. I could not tell how much.

Q. Had these inexperienced Army Service Corps officers been taking that inferior bacon into stores and issuing it to the troops?—A. They would accept it from the contractor unknowingly.

Q. Did they ever send any of this inferior bacon back?—A. Oh yes, they rejected it afterwards. After a little while the officer would soon understand, someone with a little experience would know the quality of bacon that should be taken, and any other quality would be rejected. When I was talking about that with Dr. Bland and Dr. Crummy, I was just referring to the difficulty I had to keep this thing up to perfection, and that I was pleased with the way it was turning out. I pointed out to them that I was satisfied with the result of my work.

Q. As to the difficulty of keeping supplies up to the standard, I want to find out whether these inexperienced Army Service Corps officers were successful in keeping inferior supplies out?—A. There are a number of good Army Service Corps officers who understand their business thoroughly, but when you take a young officer in a district, who has not had much experience, he will not be able to drop on to that kind of thing. That applies to some but not all of them.

Q. About how much of this inferior bacon could be passed on these inexperienced officers?—A. I could not say that,

Q. Was it only where you found comparatively inexperienced Army Service Corps officers that you found complaints made by the troops?—A. Yes.

[Charges by Rev. Dr. Bland—Col. Mullins.]

Q. Was it only in these cases?—A. Yes.

Sir CHARLES DAVIDSON: What is the state of affairs to-day as to experienced supply officers?

COLONEL MULLINS: They are in good shape to-day. The men are beginning to know something about it. They are beginning to understand.

Sir CHARLES DAVIDSON: Was there a sufficient supply of experienced officers of the Army Service Corps available?

Colonel MULLINS: They sent away nearly all the experienced men overseas, and they had to put new men on, and they were absolutely new at the work, and while they were good men they wanted to learn the work, and they did so, and they are now carrying it out according to regulations.

By Mr. Thompson:

Q. Would it be when the experienced officers were sent overseas, that the contractors would try to work in foxtail hay?—A. Well, I think in some cases the foxtail hay would be sent in whether there was an experienced man there or not.

Q. But experienced people like yourself would detect this?—A. We would try to.

Q. Would that apply also to the beef?—A. Yes, I might mention a case of that. I went into the supply depot at Saskatoon and there was meat hanging on the rails, and I asked the supply officer if that was the meat issued, and he said yes, and I told him that it was not according to Government contract and that he should not accept it. He said: "It is all right, what is the matter with it?"

Q. Evidently he had been in the habit of accepting that sort of beef?—A. I do not know what kind of beef was there before; this was my first inspection to this point.

Q. If he thought it was all right, evidently he had been accepting it?—A. Well, what I am going to say is this: the meat was clotted, and it was not hard to tell that it was not good meat. At the top of the ribs it was about an inch thick when according to the contract it should be very much thicker. That kind of meat was hanging on the rails and I asked the officer to bring the contractor up right away and he brought the contractor in.

Q. Who was the contractor?—A. I cannot tell you his name. His contract was running out on the 31st of March.

Q. What day did you make the inspection?—A. It was about the 10th of last March. I waited until the contractor came to the depot, and there were eight or ten quarters of beef hanging up, and I asked him what he thought of it. He said: "I won't argue with you, I will take it away." I said: "I do not think it will be necessary for me to argue with you, are you going to continue to supply that kind of stuff, because if you do I will not pay anything for it, it is no use." He said he was short of beef and that it was hard to get a supply, but he took it away and later I had the following statement from the officer in command at Saskatoon: "As a direct result of your inspection I am pleased to report that the meat being supplied by the contractor is greatly improved."

Q. And if it had not been for your inspection that worthless beef would have been taken into stores, in fact it was taken into stores and would have been issued to the troops?—A. It was delivered by the contractor, yes.

Q. And taken in by the supply officer who evidently considered it satisfactory?—A. It was frozen beef that had been in cold storage and the cloth wrapping was yet on it.

Q. When you asked him about it, he said it was all right?—A. He said that he would not argue with me, that I used to sell cattle for him in Winnipeg, that I knew what beef was. He used to send me cattle to sell for him.

Q. I am not referring to the contractor but to the supply officer, did he consider the beef satisfactory?—A. I did not take it up with him afterwards.

Q. You asked him something about it when you saw it hanging up in stores?—A. I asked him if that was the meat issued; and he said yes, and I said that the meat

was not right, and that he should not take in supplies like that, as it was not according to the Government contract.

Q. Was that meat in the military depot?—A. Yes.

Q. Was it receipted for?—A. I do not know whether it was receipted for or not. I did not go into that, I simply asked him to bring up the contractor before me, and he did.

Q. In the ordinary course of events that would be issued to the troops, had you not dropped in?—A. Yes.

Q. Did you ask him how long the contractor had been supplying that kind of beef?—A. No.

Q. Did you ask him whether the contractor had been in the habit of doing so?—A. I did not go into that. I was going to put it right and I did.

Q. Did you report it to the quartermaster-general?—A. It was not necessary. I did not trouble them with that. I tried to put things right, and I did so. They have plenty to attend to down here in Ottawa without details of that kind. I went after the contractor and he came over with the proper supply and we got the proper quality afterwards.

Q. You referred to certain contractors persisting in delivering supplies which were not up to the contract; what contractors would these be?—A. I do not know that I could mention their names, but there are several of them in the West. Take the bread contractor at the Coast. It was to the Coast particularly I was alluding to about the bread, I was alluding to the Standard Bakery at the Coast.

Q. Did you give the contract to another baker?—A. No, I did not.

Q. Why was not that done?—A. Because the contractor made it right. He said that he would do it right, and he did. I went into his bakery.

Q. That was after he was caught?—A. I went into his bakery and picked his bread up. He had several thousand loaves there, it was the Standard bakery, and I said: "Is this the supply for the troops," and he said "yes." I said: "we would like to weigh these loaves," and we weighed them there, and they were considerably short in weight.

Q. What were they supposed to weigh?—A. One pound.

Q. What did they weigh?—A. From 12 to 14 ounces.

Q. How long had he been delivering bread?—A. Just a moment, please—I weighed a number of these loaves and some of them did weigh a pound fairly, but most of them were short, and he gave instructions to his head baker that the bread must weigh out a pound, and he said he would have to use a cutting machine—I cannot explain it to you—but they had the raw material in front of them and they were cutting it.

Q. What put you on inquiry there as to whether that was light weight or not?—A. I have a letter dated January 11, 1916, from our new drill hall at Victoria, B.C., from the Commanding Officer of the 103rd Battalion in which he stated that at 7.45 that day bread arrived and that as the loaves were small in comparison with what they had formerly received, they were weighed in the presence of the man who delivered them and were found to weigh only 12½ ounces, leaving a deficiency of 3½ ounces. This left approximately a deficiency of 12 pounds 12 ounces per day on the requisition, or about 400 pounds per month. I did not want this to apply to the Winnipeg bread, because I must give the contractors there credit for supplying full weight. I have tried his bread and it was always weighed and always found right in Winnipeg. It was the person in Victoria that I was speaking of when I had reference to the bread, and in speaking to Dr. Crummy and Dr. Bland.

Q. That letter that you referred to was written by Colonel Hunicker?—A. Yes.

Q. Had his quartermaster been in the habit of weighing the bread sent in?—A. Yes, it was only on that occasion that they detected light weight.

Q. It was only on that occasion he detected it?—A. That is the letter I got, and I do not know whether he noticed it before or not. I want to have the privilege of putting that right and of saying that it did not refer to the Winnipeg contractor.

[Charges by Rev. Dr. Bland—Col. Mullins.]

Q. Do you know whether his quartermaster was in the habit of weighing the bread?—A. No, but I rather think he said in one of the letters that they were weighing everything now.

Q. But they did not weigh before the 11th of January?—A. He said the bread was being delivered below weight, in that letter, and that with a few exceptions every loaf was under weight. I have had a letter from him since in which he says that everything is being weighed and inspected by the quartermaster and by the Army Service.

Q. That is what I want to get at; do you know whether the Army Service men make a habit of weighing all supplies out there?—A. No, we could not get scales. That is one of the things that is wrong. I have been taking that up while I am here about getting scales, we need scales.

Q. If they had no scales how could the Army Service department know whether they were getting full weight or not?—A. In many cases they could not test it because they could not get an issue of scales. There is a shortage of scales all through the West. It is absolutely necessary that scales should be put in to check the contractors.

Q. Is there anything else you want to add, Colonel Mullins?—A. No, only I do not want the impression to go abroad that all the contractors are dishonest. I want to particularly emphasize about the bread contractor in Winnipeg, because his bread is all right. I have weighed it and weighed it and tried it a dozen times and it was always full weight. There are a lot of good contractors in the West. The Government ration is a very liberal one.

Q. Who is that contractor in Winnipeg who supplied the bread which you told us was always full weight?—A. Steirs, Parnell; I have repeatedly checked their weight and found it always was up to standard.

Q. Do you know whether the hay contractor has been changed in Winnipeg?—A. No, he is not, but he is giving us good hay now. The hay supply is now all right.

Q. Why should he be giving you good hay now and bad hay before?—A. I changed the system. We pick out what we want, leave him the rest, and he can sell it for bedding if he wishes.

Q. You are still rejecting some of the hay which he offers?—A. No, we pick it out. The Army Service Corps does that. I do not want to take the credit for all these things. The Army Service are just doing as good work as I am doing. Many of the officers of the Army Service are first-class men, but as I say a new officer will get in, and it takes some time to teach him, and he does not get to understand for some time what is required.

Q. If a unit does not draw all the rations to which it is entitled, or if the rations are in excess or requirements, such rations remain the property of the Militia Department and are not to be sold without special authority from headquarters, that is the rule as I understand it?—A. Yes, but some get the idea that the rations belonged to them and that it was part of their privilege to exchange the ration for other commodities, but that is not permitted.

Q. They would not make that exchange for personal profit?—A. Oh no, they would change it for luxuries, which they thought they were free to do. There was a saving during the month of March of nearly \$14,000 effected by cutting out the exchange, and keeping the contractor up to his work.

Sir CHARLES DAVIDSON: In some battalions it is a matter of pride to keep their expenses down in the way of rations.

Colonel MULLINS: Yes, sir. I have one letter here that states that owing to Colonel Mullins visit the saving for supplies will be largely augmented.

Sir CHARLES DAVIDSON: As a matter of fact, many of the commanding officers feel pride in being able to economize; that is my experience in Montreal.

Colonel MULLINS: Yes, sir. The officers get to know that report are going into Headquarters, and they are particular to see that the quartermaster should economize, and yet that the supplies are up to the standard.

Sir CHARLES DAVIDSON: The quartermaster must check the Army Service Corps in many respects.

Colonel MULLINS: Yes, they do; the quartermaster requires to check the weights and the Army Service as well.

Mr. THOMPSON: I may say that in my battalion, out of our own pockets, we bought scales to check up the Army Service.

Colonel MULLINS: That is a good idea to check the Army Service. I have given instructions to the new quartermasters about that. In some of those new battalions there may be a man who is absolutely new at the work, and it takes some time to teach him as to the regulations and how carefully he must handle the supplies. In justice to myself I should like to read this letter. Colonel Murray was leaving for overseas, and he sent me this letter on the 27th of March:

FOLEY BUILDING, WINNIPEG, MAN., 27th March, 1916

From The Officer Commanding,
61st Overseas Battalion,
To: Colonel H. A. Mullins,
703 Confederation Life Building,
Winnipeg.

Supervision of Rations and Supplies.

SIR,—I have the honour to inform you that the Battalion under my command has derived very much benefit from your close supervision of rations supplied. Your advice as to the distribution of rations and management of the kitchen has been of the greatest service to the quartermaster's department. The quality and quantity of the food supplied has been at all times entirely satisfactory.

I have the honour to be, sir,

Your obedient servant,

F. J. MURRAY, *Lieut.-Colonel*

Commanding 61st Overseas Battalion.

The only satisfaction I get is to see that the men get the quality and quantity of food that the Government is paying for, and that it is up to standard. We have effected a great saving in different respects to the corporation of the Army Service Council. I want to give credit to the Army Service and they do check up things as well as my department does.

The Commission adjourned until to-morrow morning, at half-past ten o'clock.

OTTAWA, Canada, Wednesday, April 19, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

Rev. Dr. BLAND, recalled:

Sir CHARLES DAVIDSON: I understand from you, Dr. Bland, that you have not been able, through other engagements yesterday, to write out such parts of your sermon as related to the subject of Inquiry before this Commission.

[Ottawa—Bland.]

The WITNESS: No, I am sorry; I was not aware that it was desired so immediately and the fact is that I have not had time, but I will prepare it at once.

Sir CHARLES DAVIDSON: We might have it at what time?

The WITNESS: I could have it some time this afternoon.

Sir CHARLES DAVIDSON: Would to-day, say, at half past two, suit you?

The WITNESS: Yes, half past two. If you said just a little later without any inconvenience it would suit me better, but I would not urge it at all.

Sir CHARLES DAVIDSON: What time should you mention?

The WITNESS: A little later if it would not be inconvenient. I do not wish to urge it but we might say three o'clock.

Sir CHARLES DAVIDSON: Certainly. You have had handed to you the extended digest of the submarine inquiry?

The WITNESS: Yes, I have read it carefully.

Sir CHARLES DAVIDSON: If you desire to make any statement in reference to it, you are at liberty to do so.

The WITNESS: I appreciate very much, Sir Charles, your courtesy in making it possible for me to have examined that digest, I have given it careful perusal and no one could read it without recognizing its impressiveness and weightiness but I hesitate to express my final opinion. I think I am in a better position to give an opinion than I was before, but I do not feel that I have so covered the whole field that I am in a position to give authoritatively here what my final judgment might be on the matter. It was only an opinion in the first instance; it would only be an opinion in the last instance, and I feel that my opinion on the submarines is not at all of the same character as my statement in regard to the provisioning of the troops, because on the matter of the submarines I had no special information. In the matter of the provisioning of troops I believe I had special information. I would rather that the Commission would not press me to give what my final judgment is upon the matter of the submarines.

Sir CHARLES DAVIDSON: I am not at all desirous of doing that, Dr. Bland.

The WITNESS: I feel that no one could read that digest without being very much impressed with it. The question is so complicated and involves so many considerations that I would rather not take a position that I do not think I am entitled to take as one qualified to pass a final judgment upon it. I just chanced to have brought to my attention this morning an editorial in the leading newspaper of Ottawa, a thoroughly responsible one, showing what difference of opinion may exist. Whether they are justified or not, still these differences of opinion may exist.

Sir CHARLES DAVIDSON: What attracted my attention in respect to this statement of yours was this: "Submarines of doubtful value were bought at outrageous price." Do you confirm that? I earnestly desire to have any further evidence that may be available in support of that statement.

The WITNESS: Well, Sir Charles, all I can say is that while I cannot properly affirm or deny that I used the word "outrageous", I certainly, to the best of my recollection used either the word "dubious" or "doubtful" in regard to the value, and I used some word which implied excessive prices. I will not, after this interval, affirm precisely what the word was, but my idea was that, and I expressed my opinion from reading, not editorial comment, but from reading carefully the reports as they appeared of the investigation conducted by the Commission. That was simply my opinion but it was based upon careful reading of the reports. No doubt men will pass judgment upon it as they see it. It may be called a wise opinion or an unwise opinion but it was the opinion at which I had arrived from my independent reading of the reports of the investigations. But it was only an opinion and such opinion has been expressed by countless editors and private citizens, and I presume will continue to be expressed for and against until as always in time the public feels that the question has been finally adjudicated upon. Consequently, I think the public await with great interest the report of the Royal Commission on that and on other investigations.

Sir CHARLES DAVIDSON: Is there anything further, Captain Thompson?

Captain THOMPSON: No.

Sir CHARLES DAVIDSON: Dr. Bland, do you desire to make any further statement?

The WITNESS: I think I would like to say just a word in regard to the testimony or evidence given by Colonel Mullins yesterday. Colonel Mullins very properly protested against having been drawn into this matter. I wish to say that I sympathize very deeply with Colonel Mullins' regret and dissatisfaction at that. I merely wish to state that it was not my intention at all to have divulged Colonel Mullins' name. In the way in which I originally used the information I got from him, it did not occur to me that it ever would be necessary to divulge his name. If it had not been for the inaccurate, the distorted, reports it, I think, would not have been necessary to divulge his name. I did not divulge his name; his name had come out and when I did refer to Colonel Mullins as the author of the statements which I have made, it was with Colonel Mullins' consent. The conversation was not confidential; it was certainly private, but it was not confidential as it concerned the army and the army which is a public institution. There is no institution in which Canadians to-day are more deeply interested. Nearly all of us are either interested or have friends and relatives in it and anything that concerns the army is of the greatest interest to us. The army is supported by the citizens of Canada. I consequently felt that I was justified in using a conversation which threw light upon conditions which I thought were intolerable and disgraceful. I felt that in the interest of the army, and of the military authorities especially, I was justified in doing what I could to arouse public indignation against men who, as I had the fullest grounds for believing, were continually trying to take advantage of the Government and of the soldiers. I felt the less hesitation because I know that no statement that had been made by Col. Mullins, that ever had come to the light could in any way reflect upon Col. Mullins. The whole conversation was so creditable to him as an efficient and devoted officer that I did not feel I was doing him any wrong. I was exceedingly anxious to do what I could and I felt that it was a true preacher's task to arouse public opinion and thus make the work of the inspectors and the army service corps a little less difficult than it was being made.

Sir CHARLES DAVIDSON: Well, at three o'clock this afternoon, Dr. Bland.

The WITNESS: Here, Sir Charles?

Sir CHARLES DAVIDSON: Yes.

The Commission thereupon adjourned until three o'clock in the afternoon.

The Commission resumed at three p.m.

Dr. BLAND, recalled:

Sir CHARLES DAVIDSON: Are you able to produce the paper about which you spoke this morning?

The WITNESS: I now produce as accurate a report as I can from memory of the sermon delivered by me at Port Arthur in Trinity Methodist Church on the evening of Sunday, March 26. It is necessarily condensed to a certain extent but it preserves as far as I can remember the language I used and gives, I think, the line of thought and the proportionate treatment and the correct light and shade of the sermon. The report is as follows:

REPORT OF SERMON PREACHED IN TRINITY METHODIST CHURCH, PORT ARTHUR, BY THE REV. DR. BLAND, ON THE EVENING OF SUNDAY, MARCH 26.

LUKE XXII, 27—"I am among you as he that serveth."

Dr. Bland affirmed that the most glorious event in Canadian history was the uprising of the young Canadian manhood in this way. Nowhere in the

[Ottawa—Bland.]

Empire was the response to the call to arms more prompt and hearty—Nowhere perhaps, was it so disinterested. Canada herself was not so immediately threatened as some parts of the Empire. It was devotion to the Empire; indignation against brutal and lawless aggression; pity for crushed and devastated Belgium, France and Servia which had clothed the flower of our youth in khaki and sent them forth to dangers and hardships and glorious death.

Now, we say proudly, for the first time the real heart of Canada is disclosed. Now, we know of what stuff Canadians are made. The word "Canadian" at last has found its meaning.

Canadian men by the hundred thousand are leaving comfortable homes and remunerative positions to accept a bare livelihood with every kind of painful and disastrous possibility, simply at the call of duty and honour. This war has brought the Canadian spirit to light. It shines before the world.

The hundred thousand men in khaki, Patriotic and Red Cross Associations, Belgium, Polish, Jewish, Servian Relief Funds, unexampled generosity—these are the fruits of this colossal struggle. But not these only; side by side with these glorious manifestations there has been the manifestation of another spirit. To many Canadians this war has been an opportunity for sacrifice; to many it has been an opportunity for profits. Simultaneously with the courage, the generosity, the devotion, have been disclosed greed and dishonesty that have filled us with shame.

A trail of greed and dishonesty stretches across Canada from the Atlantic to the Pacific. Down in the lovely Annapolis valley with its comfortable homes and thickly studding churches where human life would seem to be lived under the most wholesome and gracious conditions, we have found well-to-do church-going farmers willing to sell unserviceable and decrepid horses for the use of their gallant soldier fellow Canadians. In the Pacific, submarines of dubious value have been purchased at excessive prices.

The papers are now full of the mysterious doings of the Steel Committee which the Government seems unwillingly to have brought to the light. The Government dare not let all concerning this Committee be known, but it will be known.

And even now, as I have good authority for affirming, all over these Western Provinces there is going on a constant effort to cheat the Government and the soldiers in the matter of army supplies.

Typical illustrations are—worthless hay instead of the best prairie hay; light weight in coal; light weight in bread; inferior beef and bacon; cheapest ham and butter not fit to be eaten; frozen liver worth five cents a pound supplied at the price of fresh beef—eleven cents a pound. I do not of course, charge dishonesty against all contractors, but I do affirm that a large percentage of them are persistently and repeatedly trying to foist on the soldiers supplies not up to the standard, and it is only by the unsleeping vigilance of the military authorities that the men are protected.

It is an unspeakably humiliating thing that there should be the effort to prey upon the noblest of our land by those greedy and unscrupulous contractors, and that Canadians can be found who are trying to make money as one may say out of the very flesh and blood of those who have, for their country's sake, made the supreme sacrifice.

This war then has disclosed Canadians to themselves. We cannot disguise from ourselves that there are two kinds of Canadians. These two kinds are worlds apart. The one seeks only to serve and sacrifice—the other seeks to plunder. It is seeking to plunge its hands into the public treasury to draw them out dripping with unrighteous spoil.

What makes the difference? They are both Canadians, often friends and even relatives of each other. They have been educated in the same schools.

[Ottawa—Bland.]

They have worshipped in the same churches. How is it they stand?—the one class transfigured by the heavenly light of self-sacrifice—the other infamous in this sordid greed.

Some differences in temperament there may be; some differences in training and environment, but I do not find in these an adequate explanation. Does not the real explanation lie in the difference between the principles and ideals of military service and the principles and ideals of trade?

No appeal is made to the soldiers' love of gain. He must, indeed, on becoming a soldier, lay aside all thought of gain. Ordinarily speaking, his pay will not be conditional on the quality of his service. He may volunteer for a forlorn hope, but if he comes back unscathed he will still receive his dollar and ten cents a day. At the best only a decoration costing a few shillings. He must lay aside regard for his comfort, his health and even his life, and at any moment be prepared to make the supreme sacrifice.

In trade, on the contrary, profits are the decisive factor. It is not only legitimate in trade to make profits the supreme consideration, it is inevitable. He who does not make profits drops out and starves. The thoughts of men in trade must be continually on profits. They must have their own interest in mind continually. Is it wonderful that some should think unduly of profits? Is it strange that when men are habitually trained to think of legitimate profit and the opportunity should suddenly be presented of illegitimate profit, some should succumb?

As long as the principles of lawful trade and industry are frankly selfish it seems plain that the selfish impulses of men will be unduly developed, and along with the legitimate harvest of honest gains there will be a shameful harvest of dishonest gains, and all attempts to make men individually unselfish and honorable will be largely thwarted by the demoralizing effects of daily conditions.

Why should business not be placed on the same basis as soldiering? Soldiering is a form of national service, in which every man is guaranteed a livelihood and expected then to give himself without reserve to the service of his country.

Why should not every kind of trade and industry be made a form of national service in which each worker is guaranteed a reasonable and proper livelihood, and expected then, without thought of gain, to give his energies to the national service?

The supreme task for those of us who cannot go to the front is to show the same spirit in our peaceful tasks which the soldiers show in the trenches.

Future historians may find in this war the beginning of and inspiration of one of the greatest of social revolutions.

May I add a few words, Sir Charles?

SIR CHARLES DAVIDSON: Yes.

THE WITNESS: I just wish, if I am not trespassing upon the patience and time of the Commission, to indicate my conception of a preacher's task as distinguished from the attorney's task. The preacher, I think, has a right to deal with conditions, and if, in dealing with these conditions, he assails individuals, he is in no sense a privileged person. There is the same redress in the courts of law against a preacher that there is against any other man. The pulpit is no Coward's Castle at all; if it deals with any man unjustly, that man has redress, but I do not think that the preacher often will assail private individuals. His task is rather to deal with conditions, and my aim in that sermon was to deal with a condition which I thought to be humiliating and deplorable. It has been made more concrete, and it has involved personalities through inaccurate reports to a greater extent than I anticipated, but perhaps on the whole, from the careful and thorough investigation of this Commission, the practical outcome

[Ottawa—Bland.]

will be more conducive to my aim at the first than if the sermon had kept solely to the line of generalities.

By Capt. Thompson:

Q. I think you stated that your views as to the value and price of the submarines were founded on your reading of newspapers?—A. Reports in the newspapers.

Q. Which newspapers?—A. The Winnipeg press.

Sir CHARLES DAVIDSON: If you propose to pursue that at all you had better get the newspapers.

Capt. THOMPSON: Only one or two questions. I just want to get the general source of his opinion.

By Mr. Thompson:

Q. You have seen the extensive digest which the Commissioner showed you?—Yes.

Q. Comparing that digest and the testimony of the expert witnesses and naval officers with the reports in the papers, are you confirmed in your views or do you modify them?—A. As I said this morning, I do not feel that it is necessary to this inquiry that I should be pressed on that point. I feel that it is a little unfair to me to ask me to express any conclusions on this point. I have read the digest with care and it is undoubtedly an impressive judgment. There are some sections in it though that I would desire an explanation of. I did not see fully their significance or bearing. Then, I recognize that there has been criticism of the methods of this Commission which undoubtedly have a certain influence on my mind. I do not feel that it is gracious in me to be referring to these things here and now and I would rather not have to refer to them but if I am asked I am bound to say that while I would not in any way criticise the methods of the Commission, still I recognize that there are those who object that, for instance, cross-examination of witnesses should have been permitted.

Capt. THOMPSON: I wish to point out that in the newspaper reports, which were comparatively scanty of evidence, it was stated that if the submarine inquiry could have got to the bottom of the fact it would have been shown that the submarines were bought at excessive prices.

Sir CHARLES DAVIDSON: Dr. Bland has obviously overlooked a fact which as a matter of fairness I desire to refer to and that is that while the inquiry was going on in Victoria you openly proclaimed your readiness to receive and put every question that it was desired to have asked of witnesses no matter from what source.

Capt. THOMPSON: I further recollect that you requested counsel who appeared on behalf of one of the political parties before the Commission at Victoria to give me any information he had and to remain and if I did not ask the questions of that gentleman it was because he withdrew from the court.

Sir CHARLES DAVIDSON: That concludes the matter.

The WITNESS: May I express appreciation of the courtesy extended by the Commission and the absolute openness of the Commission to receive all the statements that witnesses have to make germane to the inquiry.

Sir CHARLES DAVIDSON: That has been our wholesouled purpose throughout, Dr. Bland.

The Commission thereupon adjourned at 3.15 p.m.

OTTAWA, CANADA, Saturday, April 29, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

Captain JOHN THOMPSON, K.C.,
As Counsel to and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,
Clerk of the Commission.

GEORGE F. HENDERSON, K.C., for Honorary Colonel J. Wesley Allison.

Sir CHARLES DAVIDSON: Well, Captain Thompson, proceed.

Capt. THOMPSON: I regret that I have been late this morning. I arrived from Toronto on the morning train and was unaware of the change of place at which the sitting was to be held. I call Mr. Allison.

J. WESLEY ALLISON, sworn.

Mr. HENDERSON: May I be permitted to appear on behalf of the witness should occasion require?

Sir CHARLES DAVIDSON: You had better file your appearance in writing so as to have it on record. It will be acquiesced in.

Mr. HENDERSON: It may be taken as filed; I will prepare it.

By Capt. Thompson:

Q. On the 3rd January I asked you:

Did you sell any revolvers to the Canadian Government?

And your answer was "No, sir." Then I asked you later on:

Did you profit by way of commission on any revolvers or pistols that were sold to the Canadian Government or to the Department of Militia and Defence?

And the answer was "No, sir."

Q. Not in any way?—A. No.

Q. Neither directly nor indirectly?—A. No.

Later on, in the same month, Mr. Samuel M. Stone, of the Colts Arms Company, stated that he had paid you money from time to time. The questions to which I refer—

Mr. HENDERSON: The witness has read the evidence.

Capt. THOMPSON: Yes, but I want to have it on the notes.

By Capt. Thompson:

Q. At page 24 I read:

Mr. STONE: Col. Allison it is to whom I have referred, that the Company has presented money to, for his general services to us.

Sir CHARLES DAVIDSON: He is the one you had in mind?

Mr. STONE: Yes, anticipating your question. I may say that was for general services in Europe. Col. Allison was with our president in London, and he went to France and spent a considerable time and a great deal of money over there in endeavouring to secure orders.

[Ottawa, Automatic Pistols—Allison.]

Sir CHARLES DAVIDSON: In connection with Canadian contracts?

Mr. STONE: No, sir.

Sir CHARLES DAVIDSON: In connection specifically with these purchases?

Mr. STONE: We have given to Colonel Allison sums of money for his general services.

Sir CHARLES DAVIDSON: In connection with Government work?

Mr. STONE: In connection with Government work at large.

Sir CHARLES DAVIDSON: Define what you mean by the words "at large"?

Mr. STONE: Throughout Europe and this continent.

Sir CHARLES DAVIDSON: Have you any objection to state what the sum is, or whether it is nominal or not?

Mr. STONE: It is a very nominal sum. In fact I would say that about the first of the year we tendered to Col. Allison a sum of money which he would not take. He said: "I do not feel that my services to you have been worth that." And he took about half of what we were willing to present to him.

What was your arrangement with the Colts company?—A. (The Witness:) In connection with pistols?

Q. Your arrangements generally with them?—A. I had no general arrangements with them. I acted in the way of a broker in connection with my negotiations with France, Russia and England.

Q. You acted as a broker with the Colts company?—A. For the Colts company.

Q. The reason I ask you that is because on page 23 Sir Charles Davidson asks:

So far as you are aware, have you paid any commission, in regard to these Government orders, or promised any commission?

Mr. STONE: Only in so far as I have stated.

Sir CHARLES DAVIDSON: Have you paid any commission to any Canadian or any representative of Canadian interests?

Mr. STONE: Representative of Canadian interests, no, sir. I should say this, in qualifying, that we have been very careful, in every instance where we have negotiated Government business, to satisfy ourselves at the outset that any person we secured to assist us was not in the employ of the respective governments.

It would look from that, therefore, that the Colts company had, to use Mr. Stone's words, secured you to assist them? Is that correct?—A. Yes, I had negotiations with the representatives of other governments.

Q. I ask you whether the Colts company had secured you to assist them?—A. I do not understand in what connection—in connection with Canada or in connection with other governments.

Q. The evidence reads:

We have been very careful, in every instance where we have negotiated Government business, to satisfy ourselves at the outset that any person we secured to assist us was not in the employ of the respective governments.

I ask you whether the Colts company secured your assistance?—A. I had an understanding with the Colt's Company under which I was to negotiate, if possible, the sale of arms and their productions to the Allies.

Q. On a commission basis?—A. There was no specific commission referred to at that time.

Q. Was there later?—A. Yes, the Colts company offered me in the neighbourhood of \$30,000, or \$35,000, or \$40,000.

Q. When you were discussing with the Colts company the sale of their products to governments, was the Canadian Government mentioned?—A. It was at the time that General Sir Sam Hughes ordered pistols from them. I was to get the pistols in for General Sir Sam Hughes because we had to get around the neutrality laws as they understood them at that time.

Q. When did you have your understanding with the Colt's Company that you were to be paid a commission—not a specific amount—but a commission? Was it before this arrangement for the purchase of Colts pistols and revolvers by the Canadian Government or after?—A. Many months after that.

Q. And prior to the meeting between the Colts company, yourself and General Hughes, had you any interviews with the Colts company in reference to the purchase by Canada of pistols?—A. No, sir.

Q. Was that the first meeting with the Colts company?—A. The first, yes.

Sir CHARLES DAVIDSON: When did your connection with the Colts company originate?

The WITNESS: It was about the time that I was spoken to in order to get the goods in for General Hughes.

Sir CHARLES DAVIDSON: I do not refer to the Canadian contracts at the moment but to your initial connection with the company. Start at the beginning.

The WITNESS: I was negotiating with the French Commission for the sale of pistols and guns on behalf of the Colts company in, I think it was September—August or September—it was September, 1914.

By Capt. Thompson:

Q. So that you had interviews with the Colts company before these negotiations for the purchase of pistols by Canada?—A. No.

Q. When?—A. After.

Q. After Canada had bought these 5,000 pistols or revolvers?—A. Yes, after General Hughes gave the order.

Q. Was it after that that you had your discussion with this company as to the commission?—A. Yes, a considerable time after that.

Mr. HENDERSON: Would you object to asking him, Capt. Thompson, if the question of a commission was specifically mentioned or discussed when the arrangement was being made with General Hughes?

By Capt. Thompson:

Q. Was there any discussion whatever between you and the Colts company about a commission at the time of the interviews between the Colts company, yourself and General Hughes?—A. General Hughes asked Col. Skinner—

Mr. HENDERSON: Please do not mention names.

Sir CHARLES DAVIDSON: Yes, it is quite proper.

The WITNESS: General Hughes asked the officers of the Colts company if he was giving him the lowest price at which they sold their pistols. He told him "yes." When they spoke about that, he said: We cannot sell you pistols as an officer of a Government at war and promise delivery. He could not ship them. He said: We will sell them to you, but you must come to our factory and receive them and take the chance of getting them out. General Hughes said: Cannot you arrange with Allison and let him see if he cannot get these pistols to us? I told Col. Skinner at the time that I did not want him to consider a commission for me under any conditions on the orders that he was receiving from General Sir Sam Hughes. He said that that was the lowest price at which they would sell the pistols.

Sir CHARLES DAVIDSON: What was the price?

The WITNESS: \$18.50, I think it was at that time.

Sir CHARLES DAVIDSON: For revolvers?

The WITNESS: Pistols. I had no discussion with him regarding revolvers whatever. General Hughes gave the order.

By Capt. Thompson:

Q. Why did you bring up the question of a commission?—A. We were trying to get a lower price. General Hughes was trying to get a discount off the \$18.50.

Q. Your answer would lead one to infer that Mr. Stone considered you got a commission?—A. I was not talking of Mr. Stone.

[Ottawa, Automatic Pistols—Allison.]

Q. I mean Col. Skinner. It appears that he considered you were receiving a commission on that purchase?—A. No, he did not.

Q. Why did you mention the word "commission" at all?—A. We were talking about the cost of getting these things to Waddington, New York.

Sir CHARLES DAVIDSON: At what place did this interview take place?

The WITNESS: It was across the line at Moira Junction.

By Capt. Thompson:

Q. But why did you mention the word "commission" then?—A. I do not know whether it was mentioned in the way of a commission. There was a general discussion as to the cost of handling this stuff.

Q. I understood you to have said a moment ago that you assured Col. Skinner that you were not going to receive any commission on this Canadian purchase?—A. General Sir Sam Hughes asked if there was any discount or commission off that and he said "no." I think Col. Skinner spoke to me at that time—I cannot quite remember now—I did not pay very much attention to it. We were pressing for a discount and could not get it. I asked him if he paid a commission on that.

Q. On what—on that price?—A. Yes.

Q. It was then that you assured him that you would not receive a commission on Canadian business?—A. Yes.

Q. Are you quite sure that that was the first interview you had with the Colts company or with any official of the Colts company?—A. The first on this business.

Q. Had you had any interview with them on other business prior to that date?—A. No.

Q. May I take it for granted that that was the first interview that you had with the Colts company or any official of the company?—A. Yes.

Q. Had you had any correspondence prior to that date?—A. No, sir.

Q. Did you arrange the interview?—A. I think so. I think it was arranged through some officers at Washington; I have just forgotten now.

Q. Did you communicate directly with the Colts company to arrange this meeting?—A. No.

Q. Through Col. Skinner?—A. No.

Q. Or through any official of the Colts company?—A. No, sir.

Q. How long after the interview was it that you had an interview with an official, or officials, of the Colts company and arranged for a commission on the arms that you were to sell?—A. I do not remember; some considerable time.

Q. You say you had no specific percentage allowed you?—A. No.

Q. What was your understanding with them?—A. I had no definite understanding.

Q. How did you know what you would be entitled to collect from them?—A. At the time a contract was awarded by France there was an amount spoken of but no arrangement.

Sir CHARLES DAVIDSON: What amount?

The WITNESS: Somewhere about 10 per cent.

By Capt. Thompson:

Q. On the total sales?—A. Yes.

Q. Were you under salary to the company?—A. None.

Q. Or any official of the Colts company?—A. No, sir.

Q. When you had this understanding about a commission from them, was Canada specifically excluded?—A. Yes.

Q. At that time?—A. Yes.

Q. At the time of your arrangement?—A. We were not talking about Canada at all.

Q. If you were not talking about Canada, purchases by Canada of arms would not be excluded from your contracts then under discussion?—A. That was always understood.

Q. How was it always understood?—A. At the interview at Moira Junction it was distinctly understood that I was not to receive any commission.

Q. Was that understanding discussed at any other time?—A. No.

Q. No one told you that you would receive a commission on the amount sold to Canada?—A. No.

Q. Not in any way?—A. No.

Q. When the money was paid you by Colts, did he state that no part of it was in respect of arms purchased by Canada?—A. There was no statement at all; it was given to me to defray my expenses.

Q. What expenses had you?—A. I had been to Europe—France—four or five times, and around Belgium.

Sir CHARLES DAVIDSON: It would help very greatly if he could give the initial date at which he began his connection with the matter.

Capt. THOMPSON: He said late August or September.

The WITNESS: Some time in September.

By Capt. Thompson:

Q. Have you any means of ascertaining the exact date?—A. If I can get the date I will give it to you later.

Sir CHARLES DAVIDSON: In a day?

The WITNESS: Yes.

By Capt. Thompson:

Q. Would it be the day before, or two days before, your telegram, or letters, to the department—I think to Mr. Brown, the director of contracts—that the sale had been arranged?—A. It was just prior to the time I sailed for Europe.

Q. We have nothing to locate the date of your sailing for Europe?—A. I sailed for Europe, I think it was, around the 11th or 12th of October.

Q. Do you recollect having sent a letter or telegram to Mr. Brown, director of contracts, in regard to this purchase by Canada?—A. Yes. I will have to look it up.

Q. Was the interview with Col. Skinner at Moira the day before that, or two days before, or three days before?—A. No.

Q. How long before?—A. My telegram?

Q. Yes?—A. I do not know. I do not know what telegram you refer to.

Q. Here is a letter written by you on the 5th of September, in the minister's office at Ottawa, to Mr. Skinner, Hartford:

MINISTER'S OFFICE,

OTTAWA, September 5, 1914.

Col. W. SKINNER,

Hartford, Connecticut.

DEAR COLONEL,—The minister has confirmed the order given you yesterday for 1,000 of your No. 45 cal. Colt automatic pistols; to be shipped to me at Waddington, N.Y., as soon as possible.

Make your bill out to "Canadian Government, Department of Militia and Defence", and mail it to me immediately, and the Government will send you a New York draft for the total amount. An Order-in-Council was passed to-day for the amount.

The minister leaves for Valcartier to-night, and is going to take a few days to check up their entire requirements. He will let me know the last of the week what additional orders he wishes to place with you.

A. That was written, I think, in Mr. Brown's office.

Q. On the 5th of September?—A. The correspondence I had at that time was for the purpose of keeping up the appearance that they were dealing with me in order to get over the neutrality laws if complications should develop.

[Ottawa, Automatic Pistols—Allison.]

Q. But after having heard this letter read, can you fix the date of your meeting with Colonel Skinner?—A. I met Colonel Skinner a number of times.

Q. I refer to the meeting between yourself, Colonel Skinner and General Hughes.
—A. Colonel Skinner was in Ottawa for a few days.

Q. I am referring to the meeting at Moira?—A. I do not remember that date.

Q. Was it prior to the fifth of September?—A. I think so. I think you could get from the Minister the date of the meeting at Moira Junction.

Q. That was the earliest date apparently, referred to in any of the departmental correspondence; so that the meeting apparently was held before that?—A. Oh, yes; I think so.

Q. The pistols, as I understand it, were shipped to you from the Colts company?
—A. Yes.

Q. And paid for by draft?—A. I do not know how they were paid.

Q. You have no knowledge of that whatever?—A. No.

Sir CHARLES DAVIDSON: The pistols were shipped to whom?

Captain THOMPSON: Direct to Mr. Allison.

Mr. HENDERSON: Not the whole of them.

By Captain Thompson:

Q. How many were shipped to you?—A. I cannot say.

Q. Did you open the packages?—A. No.

Q. Did you ship through to Canada all the packages that you received from the Colts Company?—A. Yes, sir.

Q. Have you personal knowledge that all the packages were shipped or did you give instructions to some other person to attend to it?—A. I had a number of employees.

Q. What were your instructions to them in regard to the packages from the Colts company?—A. To bring from the express office in Waddington to the express office in Morrisburg every package consigned to me or addressed to me. I directed and shipped them to the officers whom the minister instructed me from time to time to ship them to or to Mr. Brown, the director of contracts.

Q. Were the packages labelled to indicate what they contained?—A. Yes.

Q. Did you make a check up of the contents in any way?—A. We had no way of checking the contents.

Q. I mean from the shipping bills?—A. I do not think so. We did not know the contents.

Q. Had you any means of ascertaining whether you received 1,000 or 5,000 or 10,000?—A. No.

Q. You are quite satisfied that all the packages shipped from the Colts company were reshipped by you through to Morrisburg?—A. Yes.

Q. What became of them when they arrived at Morrisburg?—A. They were reshipped to Quebec, or Valcartier, or Ottawa.

Q. To whom were they consigned?—A. To General Hughes, Col. Murphy—some of them—and others to Col. Hallick—I think it was—and some, I think, to Mr. Brown.—I am not quite sure.

Q. Who gave you your instructions from time to time as to the name of the consignee?—A. The minister or Mr. Brown.

Q. If you shipped to Col. Hallick it would be by reason of some instructions from Mr. Brown or the minister?—A. Yes.

Q. In all cases?—A. I do not remember.

Q. Were those instructions verbal or in writing?—A. By telephone, possibly by telegraph. I do not think there were any letters passed regarding it.

Q. Were any of the instructions given by telephone?—A. I think so. I am not quite sure but I think so.

Q. Have you got the telegrams that were sent to you in regard to the shipments of these?—A. No, I have not.

Q. Could you say that there were any telephone messages in reference to the shipment of these packages?—A. Yes.

Q. Was it by reason of these instructions, either by telegraph or telephone, that you sent the packages either to Mr. Brown, or Col. Hallick, or Col. Murphy, or to the minister himself?—A. Yes, sir.

Q. Have you any means of ascertaining which packages were sent to the various places or to the various consignees?—A. No.

Q. They were all shipped from Morrisburg by the Grand Trunk?—A. Yes, and the receipts that were received from the express office at Morrisburg, and also the receipts, or the bills, that were received from the express office at Waddington, were all sent to Mr. Brown or the minister.

Sir CHARLES DAVIDSON: My close observations of the evidence is that 5,000 pistols were all accounted for.

Mr. HENDERSON: With the exception of two.

Sir CHARLES DAVIDSON: And with precision; indeed, with such precision that the proper officers struck off from the bill of the Colts company two revolvers which they claimed were not included in the packages. Of the 5,000 pistols that were ordered, only 4,998 were received and the department refused to pay for the two missing pistols. The Colt's company would not admit that there were two short but they acquiesced. Then, there were 70 revolvers concerning which there was some confusion of evidence; (To witness) you have already stated that the 70 revolvers were not ordered through you?

The WITNESS: No.

Sir CHARLES DAVIDSON: The 70 revolvers were ordered indirectly and afterwards payment was made by the department. The party who received them is an officer named Brutinel; they were sold to Brutinel.

By Capt. Thompson:

Q. Do you know whether any further munitions were purchased from the Colts company by Canada?—A. They bought automatic guns.

Q. Did you have any conversation with the Colt's Company in reference to further purchases by Canada from them?—A. Yes, they wanted to sell the Government more pistols.

Q. Did they write to you, or telegraph to you, or speak to you about it?—A. Yes.

Q. And asked you if you could arrange the purchase?—A. Asked me to see the minister and see if he wanted any more.

Q. Was that before your arrangements with regard to a commission?—A. Yes, sir. I want to say here that the endorsement of the Minister of Militia was a very great help to me, a tremendous advantage to me, even with other Governments. There is no way in which I could estimate that value as a friend.

Q. Mr. Stone said that he gave you sums of money from time to time; how much did he pay you?—A. I could not give you the exact amount because I do not remember except that it was in the neighbourhood of \$12,000, or thereabouts.

Sir CHARLES DAVIDSON: Have you not got it down in your books?

The WITNESS: I do not keep any books.

Sir CHARLES DAVIDSON: Had you no entry of these sums at all?

The WITNESS: I have no entry whatever.

By Capt. Thompson:

Q. Were you paid by cheque?—A. I think it was in cash, or currency. It may have been some by draft; I do not remember just now.

Sir CHARLES DAVIDSON: Have you no means of discovering?

The WITNESS: I may have; if I do I will be glad to furnish it to you, sir.

Sir CHARLES DAVIDSON: When—to-day?

The WITNESS: I cannot do it to-day.

Sir CHARLES DAVIDSON: By Monday?

[Ottawa, Automatic Pistols—Allison.]

The WITNESS: I have been sick and away and the papers—what little I have—are strewn all over.

Sir CHARLES DAVIDSON: On Monday?

The WITNESS: I do not think I could get it on Monday.

By Capt. Thompson:

Q. I presume you would have deposited a large sum like that in a bank?—A. No, not necessarily.

Q. Did you?—A. I may have deposited part of it.

Q. In Morrisburg?—A. No, it would be in New York.

Q. All this money would be deposited there?—A. I think so.

Q. What bank?—A. I keep an account with a bank in New York.

Q. What bank?—A. The Fifth Avenue Bank.

Sir CHARLES DAVIDSON: Do I understand you to assert, Mr. Allison, that the entire amount which you received from the Colts company was \$12,000, or a sum in that vicinity.

The WITNESS: In that vicinity.

Sir CHARLES DAVIDSON: What margin do you give?

The WITNESS: There might have been \$1,000 or \$1,500 either way.

Sir CHARLES DAVIDSON: Can you give approximately the date of the payments?

The WITNESS: I got a payment of a sum of money from them while I was in Europe.

Sir CHARLES DAVIDSON: Can you give the date?

The WITNESS: I do not remember that.

By Capt. Thompson:

Q. How much did you receive from the Colts company when you were in Europe?—A. About \$3,000.

Q. Were you paid in cash?—A. It was either cash or draft—I do not remember.

Q. Was it deposited in a bank in New York?—A. No.

Sir CHARLES DAVIDSON: Was that included in your total of \$12,000?

The WITNESS: Yes.

By Capt. Thompson:

Q. Would that be in October 1914?—A. No, it would be in 1915.

Q. About what time in 1915?—A. January.

Q. Had you received any sum of money whatsoever from the Colts company, or any official of the Colts company, or from any person on their behalf, prior to their payment to you in Europe, or about the time of the payment of \$3,000?—A. No.

Q. That would leave about \$9,000 that they paid you in addition to the \$3,000?—A. Yes.

Q. Was that \$9,000 deposited in New York?—A. I should think part of it.

Q. What did you do with the other part?—A. I used it to pay my expenses.

Q. Did you pay any part of the money you received from the Colts company to any other person by way of gift, commission, or remuneration in respect of these sales?—A. No, sir.

Q. Or relating to the sale or purchase of these revolvers or pistols in any way, even remotely?—A. No, sir.

Q. There was no sub-commission paid by you out of that money in respect of any such sale?—A. No, sir.

Q. Have you closed your deal with the Colts company or are you still entitled to receive further sums?—A. As far as I know, I have closed.

Q. Have you any understanding with them that you are to receive more?—A. If I close contracts abroad.

Q. In that event you would be entitled to further sums?—A. I presume so.

Q. As regards your standing with them at the present time, are you entitled to any further money?—A. No.

Q. Was Canada specifically excluded when this money was paid to you by the Colts company?—A. As far as I know.

Q. When I say "Canada", was the Canadian purchase excluded?—A. As far as I know.

Q. Did the Colts company, or whoever paid you the money, make any reference to Canada when paying you this money?—A. None.

Q. None whatever?—A. No.

Q. An official of the company examined here in Ottawa stated that you had refused a large proportion of the amount that he had offered you?—A. Yes, sir.

Q. He did not say how large a proportion?—A. ———

MR. HENDERSON: He took less than half.

Sir CHARLES DAVIDSON: Why did you do that? It is not usual.

The WITNESS: I wanted it clearly understood that there was no part of what they were paying me that would apply to the purchase of pistols for Canada in connection with the conference and the order given by General Hughes.

By Capt. Thompson:

Q. Would you say that the amounts purchased by Canada, in dollars and cents, amounted to about half of what the Colts company sold through your agency to other governments?—A. I think so.

Q. It would be about half?—A. ———

Q. In other words, you sold to other governments about the same amount that you sold to Canada?—A. I am not sure as to that.

Q. I want to find out how you arrived at the commission you have taken from the Colts company and why you took less than half. I suppose you had taken three-quarters of the amount they offered? Why did you take less than half?—A. I took all I thought I was entitled to.

Q. How do you arrive at the amount you were entitled to; how do you find that out?—A. By my expenses.

Q. What was the amount of your expenses?—A. I suppose that the expense I was put to would be somewhere between \$10,000 and \$15,000.

Q. So that all this was required to meet your expenses?—A. They gave me a donation of somewhere about \$12,000.

Sir CHARLES DAVIDSON: Why do you call it a donation?

The WITNESS: They called it a donation.

By Capt. Thompson:

Q. What do you call it?—A. I would call it due for services.

Q. It was not a payment for services. I understand your expenses were about \$12,000 or \$15,000?—A. Yes.

Q. Well, this did not pay you for your services at all?—A. I do not know what they call it.

Q. Would not this be your out-of-pocket expenses?—A. I presume so.

Q. Would \$17,000, or \$15,000, pay your out-of-pocket expenses?—A. I should think so.

Sir CHARLES DAVIDSON: How long were you in Europe, with whom, and in what country? Be precise as to the date.

The WITNESS: I was in England, Belgium, France and Italy.

Sir CHARLES DAVIDSON: In Russia?

The WITNESS: No, I sent a man there.

Sir CHARLES DAVIDSON: At your own expense or at the company's expense?

The WITNESS: At my own expense.

Sir CHARLES DAVIDSON: Give the dates now.

The WITNESS: I was in Italy in January.

[Ottawa, Automatic Pistols—Allison.]

Sir CHARLES DAVIDSON: In 1915?

The WITNESS: 1915—France and Belgium seven or eight times during the months of October, November, December and January.

Sir CHARLES DAVIDSON: 1914?

The WITNESS: 1914 and January 1915.

Sir CHARLES DAVIDSON: What about England?

The WITNESS: My headquarters were in London.

Sir CHARLES DAVIDSON: In company with whom? What officials of the 'Colts company were you with?

The WITNESS: The president of the Colts company met me there in November.

Sir CHARLES DAVIDSON: That is Col. Skinner?

The WITNESS: Colonel Robinson.

Sir CHARLES DAVIDSON: I thought Col. Skinner was over there.

The WITNESS: No, sir.

Sir CHARLES DAVIDSON: At no time?

The WITNESS: No, sir.

By Capt. Thompson:

Q. How many months were you away altogether; that is away from Canada or the United States?—A. Between four and five months.

Q. Then your expenses would be anywhere from \$3,000 to \$4,000 a month?—A. They were more than that.

Q. If that is correct you have not received from the Colts company quite sufficient to pay your expenses?—A. No, I had other business besides that in connection with the Colts company.

Q. But the Colts company have not paid you more than your out-of-pocket expenses in connection with your trip?—A. No.

Sir CHARLES DAVIDSON: Granting that your entire business was with the Colts company, but you were engaged in other contracts?

The WITNESS: Yes.

Mr. HENDERSON: Very largely so?

The WITNESS: Yes.

By Capt. Thompson:

Q. And those large transactions would bear a proportion of your out-of-pocket expenses?—A. Yes.

Sir CHARLES DAVIDSON: Was there any Canadian business involved in these other transactions?

The WITNESS: Yes, I contracted for the Canada Car and Foundry Company, amounting to many millions—over \$30,000,000.

By Capt. Thompson:

Q. For the Canada Car and Foundry Company?—A. Yes.

Q. That is not Canadian Government business?—A. No.

Sir CHARLES DAVIDSON: That was in Russia?

The WITNESS: Yes.

By Capt. Thompson:

Q. Did you have any Canadian Government business?—A. No.

Q. When the Colts company offered you this money, did they state how much of it was for out-of-pocket expenses and how much for commission?—A. No.

Q. How much do you attribute to commission and how much to out-of-pocket expenses?—A. I never thought of that.

Sir CHARLES DAVIDSON: I understood the witness to state that he was to receive a ten per cent commission.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: I presume the amount they offered you was on the basis of ten per cent; is that so?

The WITNESS: Yes.

By Capt. Thompson:

Q. That being so, what was the amount of the sales effected through your agency in England, France, Italy or wherever you were?—A. I do not remember the amounts. I have no way of figuring out the amounts. The French business alone considerably exceeded \$300,000. I am putting it low.

Q. The witness states that the French business would exceed \$300,000. Did you do any business in England for the 'Colts company?—A. Nothing that was finally closed that I know of.

Q. What about Italy?—A. They were not able to make the deliveries that Italy required.

Q. Was the French business the only business you closed when you were on the other side?—A. I closed it before I left for the other side.

Q. In the United States?—A. Yes.

Sir CHARLES DAVIDSON: It was closed by you?

The WITNESS: Yes, and the French commission.

Sir CHARLES DAVIDSON: In the States?

The WITNESS: Yes.

By Capt. Thompson:

Q. So that your commission on that would amount to about \$30,000?—A. More.

Q. You say that the total amount they gave you would be about \$12,000?—A. In the neighbourhood of \$12,000.

Q. I understood you to say that you would still be entitled to a further large commission?—A. I have refused to accept any further commission.

Q. When did you refuse?—A. A considerable time ago; at the time they gave me this money.

Q. When you were in England?—A. When I returned.

Q. When was the final payment?—A. Some time in 1915—I have forgotten.

Q. About when in 1915?—A. The latter part of the year.

Q. Would it be before or after September?—A. I do not remember; I think it was after; I do not remember.

Q. Would it be in December?—A. I do not remember.

Q. Have you any means of fixing the date?—A. No.

Q. Have you any arrangements or suggestions with or from the Colts company that while you will not receive a further commission, they will, in the future, some time, pay you a commission?—A. No, sir.

Q. No suggestion or understanding that there may be still something due you?—A. No.

Q. Not in any way?—A. Not in any way.

Q. Have they paid any commission in respect to the business which you have done for them to any other person at your suggestion?—A. None whatever.

Q. While you have refused to accept more than \$12,000, and you state that this is final, have you made any arrangements that they shall pay any part of the amount due you for past services to any other person?—A. No, sir.

Q. Or that if you do work for them in the future your commission will be paid to any other person?—A. No, sir.

Q. No suggestion of that sort?—A. No, sir.

Q. Have you any memorandum book showing any entries in connection with the payments made by the Colts company?—A. No.

Q. Do you not keep any books of account?—A. No, sir.

[Ottawa, Automatic Pistols—Allison.]

Sir CHARLES DAVIDSON: No entries in a bank book?

Mr. HENDERSON: Mr. Allison is rather brain weary. I have no doubt that he will produce for Capt. Thompson's inspection from his own safe anything that can be produced and any bank book he has. No doubt there are bank books—I am speaking now without consultation. His attendance is required from day to day at what is known as the Meredith-Duff Commission, but so soon as communication can be had with New York the books will be sent forward. We have been sending for other documents.

Sir CHARLES DAVIDSON: What do you say to next Saturday?

The WITNESS: If I could get away in the meantime.

Sir CHARLES DAVIDSON: Let us say Saturday morning for the production of bank books and any entries whatever that he has in connection with the Colts business.

Mr. HENDERSON: I would be very pleased to arrange with Capt. Thompson to hold a conference with Col. Allison.

Sir CHARLES DAVIDSON: I think it is better to have it in evidence.

Mr. HENDERSON: However, if, in the meantime, anything else occurs to Mr. Thompson or yourself, if Mr. Thompson will be good enough to send me a memorandum, we will facilitate matters because it is obviously desirable and proper in Col. Allison's own interest that we should make a full disclosure of everything in connection with the matter.

The WITNESS: Of everything that I know.

Mr. HENDERSON: My understanding is that the Meredith-Duff Commission does not propose to sit on Saturday morning; so that on any Saturday we are available.

Sir CHARLES DAVIDSON: Then you have nothing further to-day?

Capt. THOMPSON: No, I prefer to wait until I can see a transcript of the ledger account. It may narrow cross-examination down very materially.

Sir CHARLES DAVIDSON: You might state at least how many pistols you ordered from the Colts company?

The WITNESS: The pistols were ordered by General Hughes.

Sir CHARLES DAVIDSON: How many pistols were ordered from the Colts company?

The WITNESS: I understand that there were 5,000 ordered altogether.

Sir CHARLES DAVIDSON: Yes.

The WITNESS: I never understood that I was giving specific orders myself.

Sir CHARLES DAVIDSON: That was the effect of the two Orders-in-Council as to a thousand each.

The WITNESS: I understood that these Orders-in-Council were passed and the correspondence given to me merely to get around the neutrality law and facilitate matters if any complications should arise in connection with the delivery of these pistols to the Minister of Militia and Defence.

Sir CHARLES DAVIDSON: Could you give us the dates, Mr. Henderson, when he commenced his service, when he started for Europe and when he returned?

The WITNESS: Yes.

Mr. HENDERSON: I presume his letter book and the correspondence show that.

Sir CHARLES DAVIDSON: As far as I have been able to appreciate the evidence, Col. Allison, out of the 5,000, was permitted to order in one case 1,000 and in another case 1,000, and the balance of 3,000 was all ordered direct through the department?

Mr. HENDERSON: Yes, through Mr. Brown.

The WITNESS: I do not know how they were arranged.

Mr. HENDERSON: I think we have some correspondence on that subject.

Sir CHARLES DAVIDSON: I am speaking of Volume 5, page 509.

Mr. HENDERSON: I know that Mr. Allison has some of the letters and these can be put together and submitted.

Sir CHARLES DAVIDSON: There is a letter of the 18th of September that I do not understand very clearly. It is found at page 509. This is a letter addressed by

[Ottawa, Automatic Pistols—Allison.]

Col. Allison to Col. Brown and it encloses an invoice for 100 M cartridges and 45 automatic Colt pistols at \$19 and asking him to remit direct. The letter proceeds:—

I also enclose bill for 1,000 Colt automatic 45 calibre pistols. This is \$3.50 per dozen less than they sell to others.

What does that mean?

Mr. HENDERSON: I am sorry to say that I have not a copy of that letter in the copies made for me.

Sir CHARLES DAVIDSON: Can you explain that?

The WITNESS: It refers to munitions.

Sir CHARLES DAVIDSON: But in words it refers to pistols.

The WITNESS: No, it means munitions.

Sir CHARLES DAVIDSON: But, in words it refers to pistols.

The WITNESS: Yes, but it is the munitions.

Sir CHARLES DAVIDSON: Have you any personal knowledge as to the value of these pistols when sold in large quantities to Canada?

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: Or f.o.b. Hartford.

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: You are not an expert in that respect?

The WITNESS: No, sir.

Sir CHARLES DAVIDSON: What have you to say, if anything, as to the price of \$18.50?

The WITNESS: All I know is what the Colts company told me that the price of \$18.50 was the lowest price at which they sold to any government other than the United States.

Sir CHARLES DAVIDSON: They sold cheaper to the dealers.

The WITNESS: I know nothing about that. I have no information whatever except what I have seen in the newspapers since this inquiry commenced.

Sir CHARLES DAVIDSON: What were you informed as to the price at which they sold to the United States Government?

The WITNESS: I never got any information as to what the price was. The United States Government, I understand, gave a royalty to the Colts company.

Sir CHARLES DAVIDSON: As to the dates of delivery, was there any pressure or agitation as to these?

The WITNESS: Yes, they were after me all the time to get the pistols to Quebec before the contingent sailed.

Sir CHARLES DAVIDSON: You speak of the first contingent?

The WITNESS: The first contingent.

Sir CHARLES DAVIDSON: When was it to sail?

The WITNESS: I have forgotten the date now.

Sir CHARLES DAVIDSON: Early in October?

The WITNESS: In October—yes. They were pressing me.

The witness retired.

The Commission thereupon adjourned to meet again on Saturday, May 6, at ten o'clock in the morning.

OTTAWA, Canada, Saturday, May 6, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

CAPT. JOHN THOMPSON, K.C.,
as Counsel, to aid and assist the Commissioner in the Inquiry.

GEO. F. HENDERSON, K.C.,
Counsel for Col. Allison.

D. O'CONNELL, K.C., Peterborough,
for the Auburn Woollen Mills Company.

Col. J. WESLEY ALLISON, recalled.

By Capt. Thompson:

Q. At the last sitting I asked you to ascertain the exact amounts paid you by the Colts company?—A. I have been looking through my memorandum book and things I happened to have, and I have run across the following item.

Q. What is the total amount?—A. \$13,000.

Q. I think you stated last time that it was between \$12,000 and \$13,000?—A. Yes.

Sir CHARLES DAVIDSON: Have you your bank book with you?

The WITNESS: Yes, sir. (Bank book produced.)

Sir CHARLES DAVIDSON: Make a statement of the dates and amounts.

The WITNESS: In looking over my memoranda I have run across the following payments made by the Colts company: December 31, 1914, \$6,500.

Sir CHARLES DAVIDSON: Payable where?

The WITNESS: That was paid when I was in London. March 1, 1915, \$3,500.

Sir CHARLES DAVIDSON: Paid where?

The WITNESS: To me in New York. April 15, 1915, \$1,500.

Sir CHARLES DAVIDSON: Where?

The WITNESS: In New York. May 8, 1915, \$1,500, in New York. These are the only items that I find I have received from the Colts company.

Sir CHARLES DAVIDSON: In your belief, is that all?

The WITNESS: That is all I can find.

Sir CHARLES DAVIDSON: In your belief, these represent the total amount of the payments?

The WITNESS: Yes, sir, I believe that is so.

By Capt. Thompson:

Q. Do you know what the total purchases by Canada from the Colts company amounted to?—A. Over \$648,000.

Q. Do you know that to be definite?—A. Yes, sir.

Q. What is your source of information?—A. A statement from the director of contracts.

Q. Mr. Brown, I suppose?—A. Mr. Brown, yes, sir.

Sir CHARLES DAVIDSON: What did that cover in the way of classes of munitions and weapons?

The WITNESS: Colts pistols, automatic guns and parts, also revolvers.

[Ottawa, Automatic Pistols—Allison.]

By Capt. Thompson:

Q. When you speak of automatic guns, do you mean machine guns?—A. Machine guns.

Sir CHARLES DAVIDSON: That is not my total.

By Capt. Thompson:

Q. The statement you read from is furnished by the director of contracts?—A. I will give the exact figures—\$648,573.96.

Q. Is this statement furnished by the department?—A. It was handed to me by Mr. Brown, the director of contracts.

Sir CHARLES DAVIDSON: When?

The WITNESS: I think it was Monday or Tuesday of this week.

Sir CHARLES DAVIDSON: This does not agree with the list we had before.

Mr. HENDERSON: I suggest that possibly it may be later in date.

Sir CHARLES DAVIDSON: Yes, it is.

Mr. HENDERSON: I think these are down to date.

Sir CHARLES DAVIDSON: This statement includes purchases from October 1, 1914, to April 20, 1916. Our statement only covers up to February 1915.

By Capt. Thompson:

Q. I think you said that you notified the Colts company that you were not to receive any further payment from them?—A. Yes, sir.

Q. That is quite definite, is it?—A. Yes, sir.

Q. That you are not to receive any other commissions, or payments, or donations, from them either at the present time or that the same is to be paid in the future?—A. No, sir.

Q. Or to any other person on your behalf?—A. Quite correct.

Q. Did you at any time act as a broker between the Remington Arms Company and any government or private individual?—A. Yes, sir.

Q. While acting as broker or agent of the Remington Arms Company, or in that connection, did you, or did they, sell any munitions or any armament to the Canadian Government?—A. Not to my knowledge.

Q. Did you act as broker in respect to any such sales in Canada?—A. Not to my knowledge. I do not know of anything.

Q. You would recollect if you had acted as broker?—A. I have no recollection of doing anything.

Q. You would have a recollection if you had done so on your own initiative?—A. Yes, sir.

Q. You have no recollection of any such transaction between the Remington Company and Canada?—A. No recollection.

Q. Have you any knowledge of anything having been purchased from the Remington Company by Canada?—A. I have not.

Sir CHARLES DAVIDSON: In connection with what purchases had you to do with the Remington?

The WITNESS: Cartridges, rifles——

Sir CHARLES DAVIDSON: For what country?

The WITNESS: For the British Government and I think part of the purchases went to the Russian Government—I do not know really. I bought for and shipped to D. A. Seals, Vickers House, London.

By Capt. Thompson:

Q. I suppose the purchases made by these Governments amounted to very large sums?—A. Yes.

Sir CHARLES DAVIDSON: Millions?

The WITNESS: Millions, yes, sir.

[Ottawa, Automatic Pistols—Allison.]

Sir CHARLES DAVIDSON: Do you state distinctly that you had no concern, no connection with any contracts between the Remingtons and the Canadian Government?

The WITNESS: I have no knowledge of any such transaction whatever on behalf of Canada.

By Capt. Thompson:

Q. You had no connection with reference to any purchases made by Canada from the Remingtons?—A. Not for Canada, no, sir.

Q. Was I correct in understanding at the last sitting that you said you had a letter from Major General Hughes that enabled you to act as broker, or that enabled you to act as agent?—A. No, I did not make that statement.

Sir CHARLES DAVIDSON: You were under the same impression as I was.

The WITNESS: I have no letter.

Sir CHARLES DAVIDSON: You have never received a letter of recommendation from the minister?—A. No, I have had letters of introduction to friends of his but I have never done any business with them. I could give you the names if necessary.

By Capt. Thompson:

Q. I thought you made reference to a letter?—A. No, what I said was that the minister's influence as a friend to me was of very material assistance to me.

Capt. THOMPSON: I misapprehended you.

Sir CHARLES DAVIDSON: Yes, that was the statement. It is somewhat vague though.

By Capt. Thompson:

Q. I presume you refer to an introduction to the Colts company as one instance of that?—A. I am not sure. I think I knew the Colts company officers before that, but not in any business capacity at all.

Mr. HENDERSON: Captain Thompson put the question to him as to whether he had received directly or indirectly any advantage in that way and in conversation with Colonel Allison afterwards I said to him that his known friendship with the minister would be an indirect advantage. He said of course.

The WITNESS: That is exactly what I meant.

Mr. HENDERSON: That is the way in which he meant the answer that he gave.

Sir CHARLES DAVIDSON: Am I to understand that while you had letters of introduction from the minister to several parties you never used them?

The WITNESS: I never used them at all for business purposes. They were purely social.

Sir CHARLES DAVIDSON: Had you any to the War Office?

The WITNESS: I do not think so; no, I do not remember of ever having a letter to the War Office.

By Capt. Thompson:

Q. There is a declaration that a considerable quantity of stores of various sorts was shipped to Morrisburg in your care. Is that correct?—A. I heard that there were, in fact I know that there were, samples of blankets, clothing, cloth for clothing, caps and some shoes.

Q. About what quantity?—A. I do not know that; I never saw them.

Q. Were you advised that they had been shipped to you?—A. I do not think that they were shipped to me.

Sir CHARLES DAVIDSON: Did you order them?

The WITNESS: No, sir.

By Capt. Thompson:

Q. Did you have anything to do with the purchase of them?—A. No, I never purchased anything. There was nothing purchased from there at all to my knowledge.

[Ottawa, Automatic Pistols—Allison.]

Q. My information is that there was a declaration that a large quantity of goods were shipped to Morrisburg, some of which were addressed to Mr. Allison and others to Col. Morgan, that apparently a man named Edmund Eisner was interested in them, and that these were stored in an office rented from Herbert Bradfield. Do you know Herbert Bradfield?—A. Very well.

Q. And that at the time Col. Morgan, Eisner and yourself had some discussion, or dispute, in the St. Lawrence Hall—is that a hotel in Morrisburg?—A. Yes, there is a hotel.

Q. That you had a discussion or dispute in the St. Lawrence Hall as to the prices to be charged for boots and for clothing. Do you recollect any such interview?—A. Never.

Q. Or any such discussion?—A. No knowledge of such a discussion.

Q. Do you remember meeting Morgan and Eisner together?—A. Yes, sir.

Q. And discussing the things that they had stored in Bradfield's place?—A. If you will allow me to explain, I will be very glad to explain all I know about it. The minister asked me to get him prices from the firms that the United States Government had purchased from and was purchasing from, the lowest prices possible, to enable him to know what prices were prevailing in the United States, of blankets, clothing, shoes, harness and other things mentioned in the cable that he had received from the War Office. I inquired of many of the manufacturers for prices. Eisner came to Morrisburg with Col. Morgan, whom I had never seen before, and a Mr. Layman, and Mr. Alden, representing Joseph Hermann Shoe Company of Massachusetts, and gave me prices which I sent to the minister. They had half a dozen samples of shoes, samples of cloth and some other samples.

Q. Sweater coats and tunics?—A. I do not know. Whatever the samples were, I understand they were sent to Valcartier.

Q. Do you recollect altering the price tags on them?—A. I never had anything to do with the prices whatever.

Q. Do you know if any of these goods I have mentioned were purchased from Eisner at that time?—A. None whatever. There was no purchase of any kind or description made on behalf of Canada from any of these firms. I understand, however, that the British War Office has purchased the entire output of the Eisner Mills, but it has no connection with me. It was done through Morgan & Company five or six months later and at very much higher prices than they gave General Hughes.

Q. Were you in the Bradfield office?—A. I have offices in the Bradfield block.

Q. Were you in the room where these goods were supposed to be stored? My information is that there was quite a large quantity of them?—A. I do not know anything about a large quantity. I saw some samples. I was in the room but I was there very little.

Q. When you were in the room you would have noticed whether there was a considerable quantity of them or not?—A. I did not see any quantity.

Q. Would there be several hundreds of these tunics, sweaters, boots, shirts, etc.?—A. No, the tunics and sweaters that you refer to, I do not remember ever seeing at all.

Q. You know nothing about the price tags being changed?—A. Nothing about it whatever.

Q. My information was that a man named Nash was employed by you to change the labels on this clothing and the boots?—A. That is the first time I have ever heard of it.

Q. You do not know anything about it?—A. Nothing about it.

Q. What is the size of this Bradfield office?—A. It is a very small office.

Q. What would you describe as "small"?—A. 14 by 18, I should think.

Q. When you were in there, you would see if it was half filled with clothing?—A. I have four or five desks in the room, a safe and letter cabinet; there would not be room for very much.

Q. Probably there might not have been very much stored in there?—A. No.

Sir CHARLES DAVIDSON: How many samples were there?

[Ottawa, Automatic Pistols—Allison.]

The WITNESS: I do not know.

Sir CHARLES DAVIDSON: About?

The WITNESS: I should think probably 50 or 100 small samples.

By Capt. Thompson:

Q. Do you know whether Col. Morgan had any military clothing or boots stored in any other place in Morrisburg which he had brought across from the United States?
—A. I do not know; not to my knowledge.

Q. Did he ever tell you that he had any such cache?—A. No.

Q. I want to arrive at the information as to whether any person brought considerable stores of military clothing across from the United States at a time when the Customs bar was lifted and possibly shipped them to some other manufacturing concerns or some other dealer in military clothing in Canada?—A. No.

Sir CHARLES DAVIDSON: Evidence to that effect was given before the Public Accounts Committee.

Capt. THOMPSON: No, sir; Nash was subpoenaed to appear before the Public Accounts Committee at the last sitting.

Sir CHARLES DAVIDSON: Who is Nash?

Capt. THOMPSON: A tailor in Morrisburg.

The WITNESS: I do not think the Collector of Customs would permit any such thing.

Sir CHARLES DAVIDSON: It was said that he had instructions to pass a lot of stock. Do you know anything about the quantities, because it was said that it was passed formally through the Customs without entries or the payment of customs duties?

The WITNESS: I do not know nor do I believe there was any quantity of goods.

Sir CHARLES DAVIDSON: Do you know anything about shovels?

The WITNESS: Yes, sir.

Sir CHARLES DAVIDSON: Well?

The WITNESS: I had brought over from Waddington many carloads of armour plate shovels.

By Capt. Thompson:

Q. Is that a patent shovel?—A. Yes, sir.

Sir CHARLES DAVIDSON: And?

The WITNESS: And shipped them to Valcartier and Quebec.

By Capt. Thompson:

Q. Did you receive any commission on these?—A. None whatever.

Sir CHARLES DAVIDSON: Had you any concern in the buying of those?

The WITNESS: Nothing whatever, I got prices for the minister from the Bethlehem Steel Company, the United States Steel Company, and other manufacturers of shovels. The minister placed the order and made the final arrangement with the Midvale Steel Company. The lowest price that I could obtain, or the next price was \$6.02 above the Midvale price.

Sir CHARLES DAVIDSON: For how many?

The WITNESS: Each shovel.

Sir CHARLES DAVIDSON: A difference of \$6.02?

The WITNESS: \$6.02 on each shovel.

By Capt. Thompson:

Q. Made from special steel?—A. Armour plate.

Mr. HENDERSON: Sir Charles, would you ask him how many shovels?

The WITNESS: I do not know the number. All I had to do was to get the shovels out of the United States into Canada.

By Capt. Thompson:

Q. They were reshipped by you, I presume, in bulk?—A. Yes, just as the bill of lading came to me.

Q. You received no commission, money, donation, or benefit, directly or indirectly from that?—A. None.

Q. None whatever?—A. No.

Q. And you have no arrangement to receive any commission or donation in the future?—A. None whatever.

Q. Or any other person to receive any commission for you?—A. None whatever, I had nothing to do with the contract.

Sir CHARLES DAVIDSON: I wish to give you an opportunity of stating whether or not you made any profits out of any war contracts in connection with Canada.

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: Directly or indirectly?

The WITNESS: Directly or indirectly.

Sir CHARLES DAVIDSON: You produced a statement of purchases from the Colts company as furnished you by the director of contracts. As to which of these had you any immediate concern in connection with making the arrangements?

The WITNESS: I had to arrange for the shipping of everything.

Sir CHARLES DAVIDSON: I am speaking in respect to the purchase, not in respect to the subsequent proceedings.

The WITNESS: The minister bought the pistols.

Sir CHARLES DAVIDSON: But you personally?

The WITNESS: Nothing.

Sir CHARLES DAVIDSON: You had to do with two orders because the Order-in-Council was directed to you.

The WITNESS: Of pistols?

Sir CHARLES DAVIDSON: Yes.

The WITNESS: I do not understand that I had anything to do with it any more than to arrange to get around this neutrality law that the manufacturers were trying to evade until they had a ruling from the Justice Department of the United States.

Sir CHARLES DAVIDSON: For example, on September 5, 1914, the director of contracts wrote to you to be good enough to procure a supply of 1,000 pistols.

The WITNESS: I passed that right on to the Colts company.

Sir CHARLES DAVIDSON: And in connection with a further order of 1,000, about October 24, 1914, a later order was given to you.

The WITNESS: October 24, 1914, I was in England.

Sir CHARLES DAVIDSON: Wait a moment. Look at page 530 of the evidence.

The WITNESS: I have a return of the original order.

Sir CHARLES DAVIDSON: It is apparent from the records that orders were addressed to you to secure from the Colts company on two occasions a thousand pistols each.

The WITNESS: That is true.

Sir CHARLES DAVIDSON: What did you do with them?

The WITNESS: I passed them on to the Colts company. The Colts company did not want to take any orders direct from the Government or any officer of the Government on account of the neutrality law it was understood between the Colts company and the minister that these communications were to be sent to me and I was to act as shipping agent in getting these goods into Canada.

Sir CHARLES DAVIDSON: Up to what time did this course of business continue?

The WITNESS: Up until some time in November.

Sir CHARLES DAVIDSON: Then the United States Attorney General's office gave a ruling that the manufacturers could ship direct.

Sir CHARLES DAVIDSON: After that date what, if anything, had you to do with giving orders to the Colts company in regard to the Canadian business?

The WITNESS: Nothing. The orders I placed with the Colts company for France were over \$450,000.

[Ottawa, Automatic Pistols—Allison.]

Sir CHARLES DAVIDSON: What was your connection with the Colts company? What did you call yourself as regards their foreign business?

The WITNESS: Broker.

Sir CHARLES DAVIDSON: Were you not to give us to-day a definite date as to when that connection began and when it ended?

The WITNESS: I ran across a letter (letter handed to Capt. Thompson.)

Mr. HENDERSON: What is the trend of this letter?

The WITNESS: It is to let Capt. Thompson see the relationship existing at that time between the Colts company and myself.

Mr. HENDERSON: The Commissioner asked you if you could say when your connection with the Colts company began and when it ended. Try and keep your mind to that.

Sir CHARLES DAVIDSON: Do you think it desirable to put in this letter, whatever it is? What is it?

Mr. HENDERSON: It simply shows that he had dealings with a certain Government.

Sir CHARLES DAVIDSON: You might make a general statement, Capt. Thompson, that this letter simply has to do with a transaction regarding foreign governments.

Capt. THOMPSON: Yes, sir, foreign governments.

Sir CHARLES DAVIDSON: It refers simply to some business arrangement with respect to foreign governments.

The WITNESS: Yes, sir.

By Capt Thompson:

Q. You have no means of ascertaining when your connection with the Colts company was severed?—A. It is some considerable time ago. I have had nothing to do with the Colts company for eight or ten months.

Sir CHARLES DAVIDSON: Any questions, Mr. Henderson?

Mr. HENDERSON: In answer to a question you put, the witness said he had no connection with any business for Canada. Anything done with the Shell Committee I understand you regard as British, not Canadian.

The WITNESS: I had no dealings with the Shell Committee at all.

Mr. HENDERSON: Not for the shell committee, but any business by anybody with the shell committee you regarded not as Canadian but as British.

The WITNESS: Yes, sir.

Mr. HENDERSON: When you answered the commissioner a short time ago you did not have the shell committee in your mind?

The WITNESS: No.

Mr. HENDERSON: I say that because there will be evidence from the other inquiry and I do not want the two to seem inconsistent.

Sir CHARLES DAVIDSON: Any further questions?

Mr. HENDERSON: That is all.

Sir CHARLES DAVIDSON: Have you any other papers that would be of interest to this Commission, Mr. Allison?

The WITNESS: No, sir.

Sir CHARLES DAVIDSON: None whatever?

The WITNESS: No, sir.

Mr. HENDERSON: I do not understand that you are concerned with something I noticed in the press this morning about the sale of certain ammunition with which this witness had to do. I do not understand that you are concerned with that.

Sir CHARLES DAVIDSON: What was the statement?

Mr. HENDERSON: The statement was, and it has been made in the House, that there was a quantity of ammunition sold through this witness to the Vickers people. The minister has made a public statement concerning it and while, of course, I cannot speak for the minister, my recollection of his statement is, that there was a certain quantity of ammunition belonging to Canada at Quebec which had been condemned

[Ottawa, Automatic Pistols—Allison.]

and which it was proposed to throw into the river. When the war broke out, representation was made by certain persons, through Colonel Allison, that this ammunition would be useful for certain limited purposes, for testing guns, and Colonel Allison succeeded in purchasing this ammunition from the quartermaster-general for Canada for a client and it eventually went to the old country and was used there for testing purposes. In the result, the statement made by the minister was that this ammunition had been sold through Colonel Allison, to, I think the Vickers company, for a very substantial price instead of being thrown into the river. I do not know whether you want to go into that. I only mention it because publicity has been given to the statement.

Sir CHARLES DAVIDSON: What do you say, Captain Thompson? This has not been under our observation, has it?

Mr. HENDERSON: The papers said this morning that application is going to be made to have the matter inquired into by what is called the Meredith-Duff Commission. I think it will be inquired into by the public accounts committee which is probably quite a satisfactory tribunal to inquire into it. I only mention it to say that Colonel Allison is here and I want it distinctly understood that any information he can give to this Commission, or any other body, is available while he is here.

Sir CHARLES DAVIDSON: Well, Captain Thompson, what do you say?

Captain THOMPSON: I do not know whether it should be inquired into at this particular juncture.

Sir CHARLES DAVIDSON: Then, that will conclude the sitting to-day.

Capt. THOMPSON: With reference to the inquiry into the cloth supplied by the Auburn Woollen Mills Company of Peterborough, my learned friend, Mr. O'Connell, is here from Peterborough on behalf of the Company. I think I might read this statement from the Milton Hersey Company with reference to the analysis of samples of cloth supplied.

Sir CHARLES DAVIDSON: Will you, Mr. O'Connell, accept that report from the experts of the Milton Hersey Company as being consistent with the facts?

Mr. O'CONNELL: Yes.

Sir CHARLES DAVIDSON: I have had a long interview with this expert and he seems to have made an explanation of the result of the analysis.

Mr. O'CONNELL: It will not require any witnesses to be called.

Sir CHARLES DAVIDSON: You might read it, Capt. Thompson.

Capt. THOMPSON read the report as follows:

MILTON HERSEY CO., LIMITED,

MONTREAL, May 1st, 1916.

SAMPLES KHAKI FRIEZE..

34575	Sample marked	No. 33	Militia Department.
34576	"	"	No. 5
34577	"	"	No. 6
34578	"	"	No. 7
34579	"	"	No. 8

Hon. Sir Charles Davidson,
Ritz Carleton Hotel,
Montreal, Que.

Dear Sir,—We have made a careful examination of the samples of Khaki Frieze which you recently submitted. The results of our examination are shown in the following tables:—

[Ottawa, Military Cloth—Auburn Woollen Mills.]

MECHANICAL ANALYSIS.

Lab. No.	Warp Fibres.		Weft Fibres.	
	Under 14".	Over 14".	Under 14".	Over 14".
34575	71.2	28.8	67.8	32.2
34576	80.8	19.2	89.0	11.0
34577	77.2	22.8	85.7	14.3
34578	88.7	11.3	88.9	11.1
34579	90.2	9.8	90.0	10.0

COTTON IN FABRIC.

34575	.215%
34576	.85
34577	.90
34578	.80
34579	1.30

YARDS PER INCH.

Lab. No.	Warp.	Weft.
34575	32	32
34576	25	27
34577	25	27
34578	26	28
34579	25	28

In neither the standard sample or the cloth supplied do the count correspond with the specification requirements of nineteen ends per inch.

TENSILE STRENGTH PER INCH.

Lab. No.	Direction.	1st.	2nd.	Average.
34576	Warp	67	64	66 lbs.
	Woof	60	64	62 "
34577	Warp	53	52	53 "
	Woof	50	51	51 "
34579	Warp	52	50	51 "
	Woof	51	49	50 "

Equal to tensile strength of 9-inch.

		No. 1	No. 2	Average.
34576	Warp	603	576	589
	Weft	540	576	558
34577	Warp	477	468	472
	Weft	450	459	455
34579	Warp	450	468	459
	Weft	441	459	450

The tensile strength of the cloth in samples No. 6 and No. 8 is not equal to the requirements of the Government specifications. We were unable to determine the tensile strength of the standard sample and of the sample No. 7, they were too small.

In our opinion attention should be given to tensile strength only in connection with the examination of the yarn used and of the fibre composing the yarn, as the tensile strength is not dependent only upon the grade or quality of the wool used, but also upon the amount of twist put in the yarn, and the treatment it has received in the process of manufacture.

It is well known that the tensile strength may be increased by merely putting additional twist in the yarn.

It is impossible to determine the relative amounts of new wool and of wool stock used in making these cloths, as the wool stock used is made from tailors' cuttings of new and unworn cloth. In our opinion it is not essential what proportions are used so long as the resulting fabric contains as long and as good a fibre as does the standard which it is made to match. In other words, it makes no difference whether a given wool fibre comes from new wool or from wool stock so long as it is equally good in quality and length. This involves the necessity of using a high grade wool stock made from new rags, and we have been unable to detect the presence of any low grade wool stock or shoddy in any of the samples.

The length of the fibre found in the yarn is an indication of the quality of the cloth, the longer the fibre the better the cloth, while cloth with short fibre is correspondingly inferior. In these frieze there is a noticeable difference in the length of the fibre. The standard sample is better in this respect than any of the deliveries we examined. The low percentage of long fibre and the corresponding amount of short fibre shows the comparative inferiority of the cloth delivered compared with the standard. This inferiority, while not great, is indicated further by the higher amount of cotton fibre and by the low tensile strength.

The cotton fibre in the samples is too low to have any material effect upon the quality of the cloth in any case, but shows that a greater amount of, or a slightly lower grade of wool stock has been used in making it.

Yours truly,

MILTON HERSEY Co., LTD.

(Sgd.) CHAS. R. HAZEN,
Vice-president.

Sir CHARLES DAVIDSON: I had a personal conversation with him, and he told me that the goods were five or ten per cent lower in quality than the sealed sample. Have you any evidence? We could get Mr. Hazen here.

Mr. O'CONNELL: I have not quite had an opportunity to consider that interview or whether it was necessary to have Mr. Hazen here to have an explanation of it, but as far as I gather from the report at the present time, I do not think it materially affects the question in issue.

Sir CHARLES DAVIDSON: Of course, the cotton fabric is a negligible quality. It is a very small quantity ranging from .80 to 1.30. I understand the departmental experts rely pretty largely on the tensile strength.

Mr. O'CONNELL: Yes.

Sir CHARLES DAVIDSON: Mr. Hazen's belief is that the tensile strength in itself does not come up to the possible requirements.

Mr. O'CONNELL: I think there was another test and that is as to the elasticity. There are tests which are provided by the department and which have been followed in addition to the test of tensile strength. The way the matter presents itself to me is this, that the contract between the Government and the Company is based upon letters soliciting tenders which were sent by the Government to the different manufacturers, and it is stated there that the quality of the cloth to be supplied must be equal in all respects to the standard of the department.

Sir CHARLES DAVIDSON: To the sealed sample?

Mr. O'CONNELL: Yes, to the sealed sample. It is to be observed in connection with that, that that is the basis of the tender and contract and nothing else can control it. There is nothing said about a specification. There was a specification prepared afterwards but it did not enter into this contract at all. All that the contractor was required to do was to supply goods of the quality of the sealed sample.

[Ottawa, Military Cloth—Auburn Woollen Mills.]

Sir CHARLES DAVIDSON: That would content me if you had done it.

Mr. O'CONNELL: Then, the question is whether we have done that. Apparently the experts of the department submitted the cloth that had been sent them from time to time to the tests with which they are familiar and all these experts of the department not only said that the cloth supplied by our company was fully up to the standard of the sealed sample, but they were rather enthusiastic in their praise of the quality of the goods supplied by this company. Perhaps the word "enthusiastic" may be a somewhat exaggerated form of expression, but they all thought highly of the quality of the goods. It is to be observed in connection with that, that all the manufacturer can see is the sample. He does not take and analyse it; he simply goes to the department, examines it and he does not determine in that way the precise quantity of wool stock or anything else in it. But from this ordinary inspection, he has to prepare a class of goods equal to it. If he does that, and if it goes through the test of the department, I submit that he fulfils the terms of the contract. I think that has been done in this case. While the report may say that perhaps there may be a little more wool stock in the sample supplied by the company, or it may in some other respect differ slightly from the standard, yet it is substantially within the terms of the contract. Upon the whole, having regard to the inspection that the company made of the sealed sample, and the quality of the goods they supplied, I think that in all respects they have fulfilled the terms of their contract. It is said by the expert, whose report has been read,—I think it is rather more inferential than anything else—that the wool stock is of a high grade, but after all, the question to be determined is not whether there is more or less wool stock, or what they commonly call shoddy in it or not, but it is whether the cloth is up to the standard.

Capt. THOMPSON: They say that the tensile strength is not up to the standard.

Sir CHARLES DAVIDSON: This report is very scientific and it is only in its concluding observations, and even then imperfectly, that we can grasp what it all means. In order to further elucidate it, I said to Mr. Hazen: Tell me something that we can get a grasp of. Is it a better or a worse cloth?

Mr. O'CONNELL: The conclusion is that it is substantially up to the standard as far as I can gather from the report although I have just hastily read it.

Sir CHARLES DAVIDSON: I will send you a statement of the conversation with him and you can read it over and see what you think of it.

Mr. O'CONNELL: I submit that the cloth supplied by the company is substantially within the terms of the contract.

Sir CHARLES DAVIDSON: That will do for to-day.

Mr. O'CONNELL: I understand from my learned friend that he does not intend to produce any further evidence, and if that is so it will obviate the necessity of coming back here again although it is a great pleasure to come to Ottawa.

Thereupon the Commission adjourned at 11.10 a.m. *sine die*.

OTTAWA, TUESDAY, June 13, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

Mr. J. A. HUTCHESON, K.C.,

Counsel to assist the Commissioner in the Inquiry.

Mr. DANIEL O'CONNELL, K.C., of Peterborough,

Counsel for the Auburn Woollen Mills Company.

THOMAS P. OWENS,

Clerk of the Commission.

The Auburn Woollen Mills case was again taken up and certain evidence given at Ottawa on this Thirteenth Day of June, 1916.

SIR CHARLES DAVIDSON: With respect to the Auburn Woollen Mills inquiry, I might state that in analyzing the evidence I found a couple of points which will be developed by Mr. Hutcheson and to which I have called his attention, that appear to have been left over or not clearly elucidated in our past sittings. Will you proceed, Mr. Hutcheson?

MR. HUTCHESON: I understand that one of the points about which you desire information is a detailed statement showing the sales by the Auburn Woollen Mills Company to the Department, with prices. I telephoned Mr. Daniel O'Connell, counsel for the Auburn Company, and confirmed my telephone message with a telegram. In the result, Mr. O'Connell is here, and Mr. Kendry, president of the Auburn Woollen Mills Company, is here also, and they have handed me a statement which I now intend to put in and which is intended to supply the evidence that you have asked for. I will call Mr. Kendry.

JAMES KENDRY, president of the Auburn Woollen Mills Company, sworn:

Examined by Hr. Hutcheson:

Q. Mr. Kendry, I show to you a statement which I understand you have prepared, and which, I believe, shows the quantities and the prices at which they were sold by your company to the department, in connection with the woollen contract?—A. Yes.

Q. And I am informed by Mr. O'Connell that it does not include the contract now under execution?—A. Yes.

Q. But it includes everything prior to that?—A. Everything prior to that.

Q. Is that statement correct?—A. That statement is correct.

Q. It shows the quantities correctly?—A. Yes.

Q. And the price?—A. And the prices, taken off our books.

Q. And the books, of course, contain a correct record of the prices?—A. Yes..

Q. That statement is as follows:—

No. 33 CLOTH.

Date.	Yards.	Price.	Delivered.	Completed.
Feb. 8/15...	35,000	\$1.55	43,912½	.....April 6/15
Mar. 9/15...	8,250	1.55		
June 11/15...	3,000		3,564½	.....Aug. 5/15
Sept. 17/15...	20,000	1.75	20,837½	.....Nov. 20/15
Oct. 15/15...	50,000	1.75	50,000	.....Dec. 28/15
Oct. 28/15...	10,000	1.75	10,048½	.....Jan. 10/16
Nov. 9/15...	90,000	1.80	90,000	.....Mar. 18/16
		216,250		
			218,363½	

[Auburn Woollen Mills—Kendry.]

Q. The second column of the statement contains the quantities originally ordered by the department?—A. Yes.

Q. Did the quantities actually supplied correspond exactly with the quantities ordered in every instance?—A. Yes.

Q. There was no variance?—A. No.

Q. There is a fourth column which shows that the delivery did not correspond exactly with the order but somewhat exceeded it?—A. That is right.

Q. And so, the quantities you actually delivered were somewhat more than the quantities ordered?—A. Yes.

J. Did you receive supplementary orders authorizing these additional deliveries?—A. Yes, sir.

Q. Are they in evidence?—A. Mr. O'Connell has got some of them there.

Sir CHARLES DAVIDSON: On the 14th of April, 1916, what were the number of yards you had delivered—that is, the day which was the date of examination of Burns, the assistant director of contracts?

The WITNESS: 218,363½ yards, to which is to be added the partial delivery, on a subsequent order, given in January, 1916, for 265,000 yards, and upon which there had been delivered, on the 4th of April, 20,427 yards.

Sir CHARLES DAVIDSON: Making a total of?

The WITNESS: 238,790½ yards.

Sir CHARLES DAVIDSON: Mr. Burns, in his evidence, made it 225,000 yards.

Mr. HUTCHESON: He could not have the information as to the partial delivery on the other order, I should think.

Sir CHARLES DAVIDSON: Do you include in these the rejections, which amount to about 1,000 yards.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Why?

The WITNESS: Because they were rejected, but we filled the order.

Sir CHARLES DAVIDSON: You had about a thousand yards rejected for want of proper dye?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What was the price of your supplementary order for 265,000 yards?

The WITNESS: \$1.95.

Sir CHARLES DAVIDSON: The price was going up all the time.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What was the date of your first delivery of frieze?

The WITNESS: February 8.

The witness retired.

Dr. MILTON HERSEY, analyst and industrial and consulting chemist, Montreal, sworn :

Examined by Mr. Hutcheson, K.C.:

Q. You are an industrial and consulting chemist?—A. Yes.

Q. You belong to the firm of Milton Hersey & Company?—A. Yes.

Q. You are president of that company?—A. Yes.

Q. You have made an analysis or examination of the goods manufactured and which are in question in this investigation?—A. I think so. We tested and analyzed some samples, which were marked No. 5, No. 6, No. 7, and No. 8, and also one sample marked "Standard No. 33, Militia Department."

Q. These are samples which have been filed as exhibits in this investigation?—A. I understand so.

Q. Did you come to any conclusion as to the quality of the specimens which you analyzed and examined, compared with the sample supplied by the Department when

[Auburn Woollen Mills—Hersey.]

giving the original order, I refer to sealed sample No. 33?—A. We came to the conclusion that they were slightly inferior to the sealed sample, No. 33.

Q. Can you illustrate in what respect you found they were inferior?—A. We made numerous tests at different times. First of all, a mechanical analysis, so-called, was made, in an attempt to determine how much short wool fibre was in the goods and how much long. We counted anything over one and a quarter inch, long fibre, or so-called wool, and anything under an inch and a quarter, short fibre, and which would be called "wool stock," or it might be "shoddy," which I distinguish from wool stock.

Q. What is the difference between the presence of long fibre and short fibre as regards the quality of the manufacture?—A. Goods made of long fibre are stronger than goods made of short fibre, provided the yarn in the goods has the same amount of twist. Manufacturers know that you can have very fine long fibre goods without much twist, which would be inferior in tensile strength, that is to say tearing strength, to goods made of short fibre, if the short fibre goods has been given more twist in the spinning of the yarn.

Q. So that short fibre goods, with a greater amount of twist, can be equal in quality, as to durability, to long fibre goods with a less amount of twist?—A. It might actually be better; usually it is not, but it might be.

Q. In the examination which you made of these goods, were you able to determine as to the degree of twist which had been secured?—A. The amount of twist in the yarn was not determined.

Q. Could it be determined?—A. It could be, with a certain amount of accuracy, but not with absolute accuracy because of the difficulty of separating. To determine the original strength of the yarn, it would be difficult to separate the individual yarn from the fabric, on account of the fabric being felted; it interlaces the yarn so much that in separating the yarn from the fabric it is more or less torn.

Q. In felting the cloth the fabric is interlaced so that it would be difficult to determine it?—A. It is possible to approximate it, but we got at that in a general way by determining the tensile strength of the fabric, both in the direction of the warp, which is the long way, and in the direction of the weft or woof, which is across the goods.

Q. So that aside from the comparative degree of twist of the yarn, the long fibre goods are the strong goods and the short fibre goods are the less durable?—A. Assuming that they have the same amount of twist, and speaking generally.

Q. You arrived at this conclusion by applying this test both to the warp and the woof; give us the results of that test, please?

Sir CHARLES DAVIDSON: Try and give it so that we may get away from these elaborate figures which have been presented in the report.

By Mr. Hutcheson:

Q. Tell us in general terms the result of this test as applied to the goods which you examined?—A. First of all, about the mechanical analysis.

Sir CHARLES DAVIDSON: Cannot you give the percentage? Were the samples 5, 6, 7, 8, equal to the sealed sample, 33, or if not, did they surpass it, or were they inferior?

Dr. HERSEY: They were inferior to the degree of approximately fifteen per cent. Since luncheon I have had a chance of making some calculations on the percentage basis, because originally the report did not state the percentage basis, and I had the impression from the general figures that it would be five or ten per cent inferior, to No. 33 sealed sample, but fifteen per cent would be nearer the truth. That is a digest of the whole report.

Sir CHARLES DAVIDSON: Fifteen per cent inferior would about represent the comparison.

Dr. HERSEY: Yes.

Sir CHARLES DAVIDSON: And that inferiority arose through what causes?

Dr. HERSEY: Well, the first cause was that the samples marked 5, 6, 7 and 8 had considerably more short fibre wool in them than the original No. 33 sealed samples—a large percentage more. In other words, the long fibre was diminished in samples 5,

[Auburn Woollen Mills—Hersey.]

6, 7 and 8, and the short fibre had been increased. Also, we find some cotton in all of the samples, including No. 33 sealed sample. The percentage of cotton in No. 33 was .22 or about one-fifth of one per cent; the percentage of cotton in 5, 6, 7 and 8 average nearly one per cent. In other words, roughly, five times as much. That was another way in which it was slightly inferior, but I do not place any importance upon that point.

Sir CHARLES DAVIDSON: Why?

Dr. HERSEY: Because, such a minute percentage of cotton fibres—brought into it through the use of more or less shoddy material which is generally used in these goods—is negligible.

Mr. HUTCHESON: Do I understand you to say that the presence of cotton is negligible?

Dr. HERSEY: No, the presence of this small amount of cotton is negligible, no one should attach importance to that.

Mr. HUTCHESON: There was, of course, no cotton in the sealed sample.

Dr. HERSEY: There was, but I may say it is of no importance. Another point of inferiority was that the number of yarn or threads or ends, as they are called, to the lineal inch, in the sealed sample, was in the warp 32, and in the weft 32; while in samples 5, 6, 7, and 8, the average number of threads to the linear inch was 25 in the warp and 28 in the weft; some tests show 27 and some show 26, but I am giving you the average.

By Mr. Hutcheson:

Q. In other words, assuming that 32 threads to the linear inch in sealed sample 33, were 100 per cent, which they were, there would be 90 per cent of the proper number of yarns in 5, 6, 7 and 8?—A. In other words, ten per cent of the yarn had been cut out in 5, 6, 7, and 8. Of course the more yarns to the inch, the better.

Q. Was there any other instance of inferiority?—A. Yes, in the tensile strength, and that, of course, is the most important feature of all. The tensile strength of No. 33 sealed sample was impossible to determine, that is with any degree of accuracy, because the sample submitted to us was too small.

Q. That is the sample as you found it in the book itself?—A. Yes, but in sample No. 5, the average tensile strength of two tests of the warp was 589 points and the weft 558 points, and in number 6 the average was 472 for the warp, and 455 for the weft, and in sample No. 8, 459 for the warp, and 450 for the weft. These are all we tested; sample No. 7 was too small to test.

Q. Have you included this difference in your estimate of fifteen per cent?—A. Yes, but just in a general way, I cannot be closer than fifteen per cent.

Q. It must of necessity be an approximation?—A. Yes.

Sir CHARLES DAVIDSON: It becomes necessary to ask you how you arrived at the statement that the strength is inferior to the sealed sample, if the sealed sample was so small that you were unable to test its strength?

Dr. HERSEY: I saw on the specification that the sealed sample was supposed to test 600 in the warp and 550 in the weft.

By Mr. Hutcheson:

Q. Would this difference in quality, this percentage of inferiority of fifteen per cent, would the same proportion of percentage be applicable to the value, having regard to the contract price. Is it fair to say that the inferiority of fifteen per cent in quality would fairly indicate a difference of fifteen per cent in value?—A. I think so.

Q. You think that would be right?—A. I think that would be reasonable.

Sir CHARLES DAVIDSON: What is the tensile strength?

Dr. HERSEY: The tensile strength is the tearing strength; the number of pounds necessary to tear the cloth apart.

Sir CHARLES DAVIDSON: At Volume VII, page 226 of the evidence, Charles Brand, who is Assistant Inspector of Militia Contracts, stated that they tested the contracts

[Auburn Woollen Mills—Hersey.]

of the Auburn Mills as to strength, weight, and finish, by taking a piece out of every case, a case containing six or seven pieces; that they tested the warp and the weft in relation to elasticity, that they fixed a minimum breaking strength of 60 pounds to the square inch; would you consider, speaking generally, that this would be effective as a test of the cloth?

Dr. HERSEY: Undoubtedly.

Sir CHARLES DAVIDSON: There is a contrast between his scheme of 60 pounds to the square inch and yours.

Dr. HERSEY: The comparison is exactly as follows. I will give you the figures corresponding to the figures read by your lordship.

Sir CHARLES DAVIDSON: What does 60 pounds to the square inch represent?

Dr. HERSEY: 540 pounds, in my test.

Sir CHARLES DAVIDSON: Does your report show that comparison?

Dr. HERSEY: Yes, sir. On the second page there is a column headed "Tensile Strength per one inch," and "Tensile Strength for the nine inch." These figures in the lower column are the figures in the upper column, multiplied by nine.

Sir CHARLES DAVIDSON: The specification in the sealed pattern book was based on a nine-inch scale.

Dr. HERSEY: Yes, done on that Goodburn and Holland machine. I want to add that since I came here to-day I went to the Militia Inspection Department and tested some goods on their machine, No. 5, and No. 8 samples, and No. 5 on their machine tested on the woof 53 and the warp 54; No. 8 tested on the woof 47 and on the warp 44. That simply indicates that there seems to be a lowering of the strength of the goods between these two samples.

By Mr. O'Connell:

Q. What are the two samples you tested to-day?—A. Samples marked No. 5 and No. 8.

Q. You have tested these before?—A. Yes, I tested them on the machine here in Ottawa. They have a nine-inch machine in the Militia Department, and we do not possess one. Our tests were made on the one-inch machine, and multiplied by nine, which is not a fair comparison.

Q. It is not a fair comparison?—A. Not quite.

Q. In what sense is there a difference?—A. It is not an accurate comparison on the two machines. If you take the one-inch machine which we employ and make a test and multiply the result by nine, it does not follow that on the very same piece of cloth you will get the very same results. They test on the nine-inch machine known as the Holland machine, but relatively the results are near each other.

Q. Which of the machines produced evidence of the lower tensile strength?—A. The Government machines. Our results were higher; our results were more favourable to the manufacturer, but I would not lay much stress upon the importance of the difference, because I do not consider it important. I simply want to point out that the results from the nine-inch machine are not always fairly comparable with the result on the one-inch machine multiplied by nine.

Q. Why do you say they are not important?—A. Because we get the relative difference. The relative difference is the same whether tested on either machine.

Q. What did you find with regard to the Government sample No. 33, put upon the Government machine?—A. The clipping was too small to test.

Q. You did not make a test of that?—A. No, I have never tested that.

Q. So that you cannot tell us what is the tensile strength of the Government sealed sample?—A. No.

Sir CHARLES DAVIDSON: Why could you not make the test of a square inch, you have more than a square inch in this sample.

Dr. HERSEY: There was very little of the clipping left. I could clip some from that and make a test which would give a rough idea, but I know there is a marked difference between No. 33 and the others, as I say, measuring up about fifteen per cent.

[Auburn Woollen Mills—Hersey.]

Sir CHARLES DAVIDSON: There appears to be enough of this sample here to test it.

Dr. HERSEY: There are twenty square inches there, but I would need two-thirds of that to make a test. I would have to clip off a piece an inch wide to pull out.

Sir CHARLES DAVIDSON: It would be possible to take out of the book the whole of that sample.

Dr. HERSEY: Yes.

Sir CHARLES DAVIDSON: Would you like that to be done, Mr. O'Connell?

Mr. O'CONNELL: Just as you say, sir.

Sir CHARLES DAVIDSON: He could take this book and take the whole of that sample off.

Mr. O'CONNELL: Perhaps you will appreciate the importance of that later on, sir.

By Mr. O'Connell:

Q. After all, what we are trying to determine is the quality of the respective samples, is it not, doctor?—A. Yes, that is it.

Q. The question of long yarn, or short yarn, or the number of threads to the inch, have, after all, less bearing than the question of the quality of the goods produced?—A. Yes.

Q. The real substantial question is the comparative quality of the two classes of goods?—A. Yes, I understand that, 5, 6, 7 and 8 were supposed to be the same as sealed sample No. 33.

Q. That is the same in quality, do you mean?—A. The same in quality, the same number of threads to the inch as the sample.

Q. That was your supposition?—A. Yes.

Q. Before you made the analysis?—A. No, it was after I made the analysis, on reading some of the testimony. I understood that the sealed sample No. 33 was supposed to be the standard, and that the goods marked 5, 6, 7 and 8 were supposed to be equal to that sample.

Q. That is according to the terms of the contract?—A. I have not read the contract, but I suppose that is it.

Q. When you say they were "supposed to be," do you mean to say they were in fact the same, or that they were supposed to be, under the terms of the contract?—A. I supposed they were to be the same, but I found they were not the same.

Q. You found that as the result of your analysis?—A. Yes, for example, I found instead of having 32 threads to the inch, which I found in the warp of No. 33, that 5, 6, 7 and 8 had an average of about 26 threads to the inch.

Q. Quite so, and that was one of the factors that entered into your final conclusion as to the quality of the goods produced?—A. Oh, yes, that was one of them.

Q. I suppose that among the factors which have to be determined is the quality of the wool itself, is it not?—A. Yes.

Q. And one important question there is apparently the length of the fibre in the wool?—A. Yes.

Q. Do you consider that question of much importance?—A. A great deal of importance.

Q. The length of the fibre in the wool?—A. Yes.

Q. The effect that it will have upon the cloth is to make it stronger in the tensile strength?—A. Usually the longer the fibre the better the tensile strength, leaving twist out of account.

Q. Quite so, you explained that you might make a certain wool out of short fibre equally as strong as out of long fibre, by giving an extra twist to the yarn?—A. Yes, within certain limits.

Q. So that if you did have cloth of inferior wool, as far as the length of fibre is concerned, you might well make it equal in tensile strength to superior fibre, by giving it an extra twist?—A. Yes, that is often done.

Q. Then, in that respect, both cloths would be the same in quality?—A. Yes.

[Auburn Woollen Mills—Hersey.]

Q. Then, in analysing it, did you determine the quality of the wool in the respective pieces?—A. Do you mean the length of the fibre?

Q. No, the quality of the wool apart from the length of the fibre?—A. No.

Q. You did not determine the quality of the wool, apart from that?—A. No, but I assumed there was considerable low-grade stuff in there on account of finding cotton in each of the pieces; short fibre wool never contains any cotton.

Q. That is, there was some of the finished cloth with wool stock in it?—A. That is not what is called wool stock, wool stock is short fibre wool, it was shoddy.

Q. What is shoddy?—A. Macerated or torn old clothes, old garments.

Q. Not necessarily old cloth?—A. It may be old cloth.

Q. Or it may be new cloth?—A. It might be new cloth, but it is more likely to be old cloth because it is usually made from old garments.

Q. But we have it in evidence here that this shoddy which they put into this cloth was, as a matter of fact, taken from the clippings of new cloth, and that is quite possible?—A. Oh yes, if it is taken from clippings of new cloth and these clippings of new cloth are not clippings from garments in process of manufacture which may have cotton linings, for example, then, of course, there will be no cotton in it at all. If it is free from cotton lining, for example, there will be no cotton in it.

Q. Yes, but cotton may have gone into it by putting it through machines where it picks up cotton sometimes, owing to the fact that there was material put through these machines before, having cotton in it?—A. Yes.

Q. That may be so?—A. It is exceedingly unlikely.

Q. But small traces of cotton may occur?—A. Yes, but nothing like one per cent.

Q. You did not find one per cent in these samples?—A. 5, 6, 7 and 8 had nearly one per cent.

Q. And the standard sample has also traces of cotton?—A. Yes.

Q. Would that indicate it was taken from the old cloth?—A. It would indicate that there is a small percentage of old cloth, or shoddy stuff, in the standard piece, but I do not think that is serious.

Q. Nor is it serious in the case of the other samples?—A. No.

Q. So that we may disregard the presence of cotton in both of them?—A. Oh, yes, it would be hair-splitting to do otherwise.

Q. So that the only question, of any account, of quality which would determine the wool, was the length of the fibre?—A. The length of the fibre, yes.

Sir CHARLES DAVIDSON: Is that in accord with his evidence in chief as to the length of the fibre and the number of threads?

Mr. O'CONNELL: I am now referring to the wool, not to the cloth. The only question as to the quality of the wool is the length of the fibre.

By Mr. O'Connell:

Q. And Dr. Hersey, that is not a matter of importance in this particular case, because you say in your report that the low percentage of long fibre, and the corresponding amount of short fibre, shows the comparative inferiority of the cloth delivered compared with the standard?—A. Yes, I say that.

Q. And then you go on to say: "This inferiority while not great is indicated further by the higher amount of cotton fibre and by the low tensile strength?"—A. Exactly.

Q. So that you apparently came to the conclusion that the inferiority resulting from the short fibre was not a matter of much importance?—A. Not as regards the quality of the wool stock, and so forth, used in the making of the yarn, but the inferiority showed up more when it came to the test, the actual test of the piece of cloth.

Q. Am I right in saying that you are referring to the cloth? You say in your report: "The low percentage of long fibre and the corresponding amount of short fibre shows the comparative inferiority of the cloth delivered compared with the standard." You are referring to the cloth there. It must have appeared to you that the difference in the length of fibre was more important than the cloth itself?—A. The

strength of the cloth was all right; we were discussing the quality of the wool in that paragraph.

Q. You are referring then to the quality of the wool in that paragraph?—A. Yes.

Q. What I am saying now, from your own report here, is that the fact of it being short fibre was not a matter of very much importance in this cloth?—A. No.

Q. Then I say also, that the next factor which you seem to take into consideration was the number of threads in the warp and the weft?—A. Yes.

Q. Apparently, from your report, the larger number of threads in the warp and weft the greater the tensile strength of the cloth?—A. That is usually the case.

Q. Which is also affected by the fact that the strength of the wool will be increased by the twist?—A. Yes.

Q. I find by this report of yours that there is some difference between the number of threads in the warp and the weft, contained in the standard piece and those contained in the samples of the Auburn Woollen Mills?—A. Yes.

Q. But that fact in itself has only a bearing, I suppose, upon ultimately the tensile strength, has it not?—A. Mainly the tensile strength. The more threads there are to the inch in cloth of that class, the less permeable the cloth is to the wind, hence the importance of having more threads to the inch. It would have been preferable to have the material equal to the sealed sample No. 33 on account of having less porosity. I assume it would be less porous in the No. 33 sample which has about 33 threads to the inch than in the other sample which had only 26.

Q. One can understand that the porosity may increase to such an extent as to have a material effect upon the quality of the cloth?—A. Yes, of course.

Q. But the difference here in the number of threads does not indicate any important increase in porosity between those two different cloths, does it?—A. It does not. It was my duty to point it out, though.

Q. And, therefore, it should be disregarded?—A. I would not suggest disregarding it. I would call the manufacturers' attention to such a fault. I claim that is a fault, if the material is supposed to be equal to sealed sample No. 33.

Q. But not a serious one?

Sir CHARLES DAVIDSON: What difference in value per yard would this difference make?

Dr HERSEY: Assuming the yarn is the same in sample 33 as in the others, there would be a difference of about nineteen per cent.

Sir CHARLES DAVIDSON: In value per yard?

Mr. O'CONNELL: He means the value of the wool.

Sir CHARLES DAVIDSON: In the value of the goods?

Dr. HERSEY: The goods would be about nineteen per cent lighter, if they had only 26 threads to the inch than if they had 32 threads.

Sir CHARLES DAVIDSON: What as to the value per yard?

Dr. HERSEY: It would run in the same ratio, assuming they used the same quality of wool in the fabric.

Mr. O'CONNELL: The difference in value would not be the same percentage because there are other elements that enter into the total cost of the cloth. There is labour, and such things.

By Mr. O'Connell:

Q. Let us say, roughly speaking, if you have fifteen per cent less threads in one than in another, you have fifteen per cent less cost of yarn?—A. Yes.

Q. And the cost of the labour would remain the same?—A. That would be about the same.

Q. So that it would not be right to say that the cost of the manufactured article would be reduced fifteen per cent by reason of the fact that the number of threads differed to the extent of fifteen per cent?—A. I did not take so much account of values in the test I made. But in reply to his lordship's question, I said that I thought that the value of the cloth would be in about the same ratio.

[Auburn Woollen Mills—Hersey.]

Q It could not be, because the only element that alters the cost is the cost of the wool, the labour remains the same?—A. It is small in proportion to the cost of the goods, very small per yard.

Q. And I suppose, besides the labour, they have to take into consideration the general overhead expenses in the actual cost of the cloth?—A. Yes, but that is a minute fraction. I managed a mill for two years that was making serges, so that I am familiar with that.

Q. Then, as for the fulling of the cloth, you get a large number of threads to the square inch. You start your loom at 18 inches wide, and as you full it and make it nearer you bring a large number of the threads to the square inch?—A. Certainly.

Q. If you are supplying cloth 58 inches wide, you will have a less number of threads per square inch than if you were supplying cloth 54 inches wide?—A. Yes, that is obvious. It is a question of shrinkage, but that specification undoubtedly means the number of threads to the inch in the finished cloth.

Q. Of a certain width?—A. Yes.

Q. I think you found that the wool in all the samples was of good quality, did you not?—A. Yes, I may say that I found it was all of good quality, but variable quality. They were not all equally good quality, but they were all good.

Q. And the cloth which was actually delivered to the Department, I suppose you would call that good cloth also, would you not?—A. Yes, it was good but not quite so good as No. 33 sealed sample.

Q. But it was not greatly inferior?—A. It had more of that short stuff in it, it was inferior in that respect.

Q. I suppose, doctor, it is not possible for a manufacturer to make the same analysis of a piece of cloth, that a professional analyst can, but that is the business of a chemist?—A. It is quite possible for him to do so if he has the equipment and the ability.

Q. If he has the education and knowledge of a chemist?—A. Yes.

Q. But I am speaking of the ordinary knowledge of a manufacturer?—A. The average manufacturer is not qualified or equipped to do that work.

Q. When a manufacturer inspects a sample, which is sent to him, and is asked to make cloth equal to it, all he can do is to employ a manufacturer's knowledge on it?—A. Yes.

Q. And he gets as near to it as he can with that knowledge?—A. Yes.

Q. It is not at all surprising, having regard to these facts, that the finished product would vary to some extent from the finished sample?—A. In these days, when manufacturers are nearly all working on fairly close lines, and close prices, and on a scientific basis, it is surprising that there should be much difference. I should expect that a superintendent or designer could match that cloth closely. He would count these yarns very carefully. He would weigh it and get the weight per square yard, and so forth. He could do that just as correctly as anybody else.

Q. That is quite so, but perhaps I have not made myself clear. I would, taking your analysis for the moment, point out that in your analysis you mention that there is a certain quantity of wool of shorter fibre in the product, of the mills, than there is in the sealed sample?—A. Yes.

Q. And I want to call your attention to the fact that when a manufacturer inspects the sealed sample, he would not be able to tell from the inspection what percentage of short wool was in the sealed sample?—A. He would be, because it is not a question of chemistry at all; it is a question of mechanical consideration of the fibre.

Q. The ordinary manufacturer does not do that?—A. We always did it in the mill I was running.

Q. Is not the main thing after all to get it as close to the sample as possible, just having regard to appearance and strength and durability?—A. And quality; of course, that is the whole thing.

[Auburn Woollen Mills—Hersey.]

Q. And in doing that they work upon general principles and get the ordinary average wool which they think is in the sample, and proceed to manufacture from that wool?—A. Exactly.

Q. And they do not deem it necessary, in the majority of cases, to make any mechanical consideration to define the percentage of short and long wool in the samples?—A. I have never known them to do it that way. It is such a serious matter, the question of profit being involved, that the manufacturer should want to know it. That is done simply. They separate some of the yarns, untwist them between their fingers or by a machine made for such a purpose.

Sir CHARLES DAVIDSON: In this case, the directions were given, were they not, of the mixing.

Dr. HERSEY: All you have to do is to see in the mixing room how much you are putting in.

By Mr. O'Connell:

Q. The new wool, as it comes to the mill, varies in length does it not?—A. Yes, but they know what they are buying; each class of wool is bought and stored by itself.

Sir CHARLES DAVIDSON: Is there anything in this specification which requires inch and a quarter wool?

Mr. O'CONNELL: There is nothing in the specification which requires it, other than the fact that the product is to be according to the sealed sample.

Sir CHARLES DAVIDSON (To Dr. Hersey): Did you find inch and a quarter wool in the sealed sample?

Dr. HERSEY: Oh, yes, there was plenty.

Mr. O'CONNELL: In his report he says there were 71 threads to the square inch under inch and a quarter.

Dr. HERSEY: In the sealed sample.

By Mr. O'Connell:

Q. So, after mentioning all these facts, as you have said before, there is no greater variation from the sample in the cloth delivered than one would naturally expect would occur in the process of manufacture, having for its object the manufacture of clothing in accordance with the sample?—A. Well, I did not say that, of course. I cannot quite admit that. What I did say was that the material supplied differed from the standard sealed sample to the extent of about fifteen per cent in inferiority.

Sir CHARLES DAVIDSON: Did you find any paste in this?

Dr. HERSEY: I did not look for that. It is a simple matter to determine whether there is paste in it or not.

Sir CHARLES DAVIDSON: Was there any in it appreciably to injure the cloth?

Dr. HERSEY: Not at all.

Sir CHARLES DAVIDSON: What is your opinion of the general quality of the cloth?

Dr. HERSEY: I thought it was good stuff, but not quite equal to the standard sample.

Sir CHARLES DAVIDSON: What as to its wearing qualities?

Dr. HERSEY: I should think it would wear very well. I have seen a great deal of this cloth, and the material like the standard sample, being stronger, would, in my opinion, wear a little longer.

Sir CHARLES DAVIDSON: Have you any other witness, Mr. O'Connell; do you purpose calling any other witness?

Mr. O'CONNELL: I have no other witness to call.

Sir CHARLES DAVIDSON: You do not purpose calling any?

Mr. O'CONNELL: No.

Sir CHARLES DAVIDSON: My impression is that a copy of this evidence ought to be sent to Mr. Brown, the Director of Contracts, or to his assistant, Mr. Burns, in fairness, because it to some extent challenges the efficiency of their inspection.

Mr. HUTCHESON: Yes, I think in fairness to Mr. Burns, who has already given his evidence, and having made the test, he should have an opportunity of seeing what Dr.

[Auburn Woollen Mills—Hersey.]

Hersey has said, and if your lordship deems it proper he might be given an opportunity to make an explanation.

Sir CHARLES DAVIDSON: I think so. We might have sent to him a copy of the evidence and inform him as to what day the Commission will meet again.

The Commission then adjourned.

OTTAWA, Wednesday, June 28, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight.

Commissioner.

JAMES A. HUTCHESON, K.C.,

Counsel to assist the Commissioner in the Inquiry.

DANIEL O'CONNELL, K.C., of Peterborough,

Counsel for the Auburn Woollen Mills.

THOMAS P. OWENS,

Clerk of the Commission.

CHARLES BURNS, Assistant Director of Contracts, Department of Militia and Defence, already sworn, recalled:

Examined by Mr. O'Connell, K.C.:

Q. You have been examined before this Commission already, Mr. Burns?—A. Yes, sir.

Q. And since your examination, I think you have had an opportunity of reading Dr. Hersey's report and analysis?—A. I have it here.

Q. Do you find anything in that report and analysis inconsistent with the evidence which you gave here before?—A. Hardly inconsistent, except that it does not work out the same in theory, as Dr. Hersey's evidence would lead us to believe that it does in actual practice.

Q. Would you kindly explain what that is, Mr. Burns?—A. If I may go over it, yes, I have all the evidence of Dr. Hersey marked here, may I refer to it?

Q. Please do?—A. He speaks of short fibres and long fibres in the stock which is used. There are a number of ways in which the same stock after it is manufactured might appear to have more short fibres than another piece made from the same mixture; that is, as far as the manufacturer can tell. The manufacturer may mix five or six thousand pounds of wool, lay it on the floor, and have it picked and carded—he has to do that in any case—when it goes that far he has got to compare it with the original sample and get the correct shade of the material. Now, if the shade is not correct, if he finds that it is not correct, he has got to add more colour. This material is composed of a number of different colours and he has got to add some to the colours that go into this mixture to make it right. He cannot take it away because it is already carded and picked; he has to add to it in order to get his shade correct. By adding this, it means that the stuff has got to be picked over again. That is run through a machine with teeth that separate the fibres of the stock. This would account to a certain extent for the larger number of short fibres than what there would be if he had not to have this picked a second time.

Q. That is your explanation of the short fibres?—A. Not necessarily; I do not know whether this actually happened in this case, but it might happen and very often

[Auburn Woollen Mills—Burns.]

does happen so that the manufacturer or inspector cannot be guided by the number of short fibres appearing in the threads, because there are so many reasons to account for it, starting with the same stock.

Q. So that, in the manufactured product you may have a large number of short fibres in stock manufactured from wool of reasonably long fibre?—A. Yes, that would account for the goods made from the same stock exactly having more short fibres in some pieces than in others. That is to say, a piece made from one batch may have more short fibres than a piece from another batch, starting with the same composition originally.

Q. Have you anything else to say about Dr. Hersey's evidence?—A. Yes. He speaks here of the different value of the material. My interpretation of this is that he considered the lesser number of threads would mean that the finished material would be lighter in weight. That is not the case, because these goods measured the weight provided for by our specifications.

Q. This cloth supplied by the Auburn Woollen Mills came up to the weight in the specifications supplied by the Department?—A. So, I am informed by the Inspector, and I have no reason to doubt it. At all events, any cloth I have examined myself, passed. If there were a few threads less, and the threads were heavier in themselves, we would still get the weight and there would be no appreciable difference in the value of material.

Q. If a heavier yarn is used in one piece than in the other, you may have a less number of threads in the warp in one piece than in the other, and have the same weight?—A. Yes.

Q. And having the same weight, the same value?—A. Hardly the same, because there would be the manufacturing cost to take into consideration, but that would be a bagatelle. It would not be worth considering.

Q. It would have the same market value?—A. It would not have the same market value, because the market value is based, according to my idea, on the cost of producing. It costs slightly more, very little more in this case, to put 32 threads than to put 28.

Q. I suppose you may say that difference is unappreciable?—A. I would not consider it at all in passing on the cloth.

Q. What other observation have you to make upon Dr. Hersey's evidence?—A. Following along the same line—namely the number of threads per inch—it is well known to manufacturers that you cannot always produce exactly the same width in cloth finished. It is taken off the loom a certain width and it is fulling or felted—fulling is the manufacturing term—to the width required. Very often it will be fulling a very little more than the required width. That is instead of 58, as required by us, if it were fulling to 56, we would still accept it, or if it were 58½ we would not reject it. But the same number of ends are in the piece of cloth, and, therefore, the narrower it is, the more ends will appear in the square inch.

Q. Am I to understand from that that the fulling will vary from time to time?—A. Yes, in spite of the manufacturer; he cannot watch it that close.

Q. In spite of all the manufacturer can do the fulling will vary?—A. It will vary slightly. If he keeps a very close watch it will not vary so much, but we provide for a difference of two inches in the width of the cloth.

Q. You mean by the fulling the shrinking of the cloth which brings it to a narrower width?—A. To a narrower width and to our required finish.

Q. If you have a variation in width, you necessarily have a variation in the number of ends to the square inch?—A. Yes, sir.

Q. What, if any observation, do you wish to make on that evidence, Mr. Burns?—A. In answer to a question by Sir Charles Davidson, Dr. Hersey says that undoubtedly our means of examining would be effective. It just struck me in reading Dr. Hersey's evidence that his scheme would not be workable at all. There is no doubt that we could follow his plan of testing material. We could do that. We have all the machinery for doing it but the thing is not workable. We get thousands of yards of material

[Auburn Woollen Mills—Burns.]

Q. That is the sample with the seven breaks, which you have just put in?—A. Yes. That bears it out that it is not fair, because any cloth will vary as this one does. This piece varies 13 pounds in the same 12 inches.

Q. The seven tests were made on the same cloth, in the same machine and at the same time?—A. Yes. Dr. Hersey took it for granted that by testing the sample on the 9-inch machine and dividing it by nine you would get approximately the same result as if you tested it on the one-inch machine.

Q. Dr. Hersey says it is not a fair comparison but that it is approximate?—A. It is not even approximate. You cannot get it approximately by taking the one-inch machine or the nine-inch machine and multiplying the one-inch machine by nine.

Q. What is the next comment you have to make on Dr. Hersey's evidence?—A. Dr. Hersey in his evidence, as I read it, stated that the difference in value in this cloth and the sample would be fifteen per cent.

Sir CHARLES DAVIDSON: What he said was that it was fifteen per cent below the quality of the sealed sample.

Mr. O'CONNELL: And fifteen per cent difference in value.

Sir CHARLES DAVIDSON: Yes, and that that carried with it a like diminution in value.

By Mr. O'Connell:

Q. What do you say as to that?—A. I think he is basing that estimate on the assumption that because there are less threads in this material to the square inch that there is also a difference in the weight—that there would be the same proportionate difference in the weight, which is not so. The weight is up to our standard.

Sir CHARLES DAVIDSON: If there would be fewer threads, how could that be?

The WITNESS: The threads would be heavier, sir. They would be larger, and still he would have the weight.

By Mr. O'Connell:

Q. So that the explanation is that the diminution in the number of threads does not necessarily mean a diminution in the weight of the cloth?—A. Not necessarily.

Sir CHARLES DAVIDSON: Do you assert that all the cloth delivered was up to weight?—A. Up to weight. Anything that is accepted ought to be up to weight or it should not be accepted, and I have no reason to think it has been accepted under weight.

Sir CHARLES DAVIDSON: You judge that from the result of the reports you got from your officers, that this cloth has been all up to weight?

The WITNESS: The cloth has been all up to the weight required.

Sir CHARLES DAVIDSON: What have you to say, if anything, as to the general statement of Dr. Hersey that the cloth was fifteen per cent below the quality of the sealed sample?

The WITNESS: As I say, sir, we have to allow a margin; it is impossible for the manufacturer to supply identically the same thing, even doing his best. The margin that we established there is approximately fifteen per cent.

Sir CHARLES DAVIDSON: The margin is what?

The WITNESS: Fifteen per cent

Sir CHARLES DAVIDSON: Would that allow him a margin of fifteen per cent in the strength test?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Do you allow him fifteen per cent as to general quality?

The WITNESS: No, sir

Sir CHARLES DAVIDSON: But he stated that the quality of that cloth, the all-round quality of the cloth, was fifteen per cent below the sealed sample.

The WITNESS: I do not agree with that at all.

Mr. O'CONNELL: You do not agree with Dr. Hersey in saying that there is a difference of fifteen per cent?

The WITNESS: No, sir. We would not be justified in passing it if that were so.

[Auburn Woollen Mills—Burns.]

Mr. O'CONNELL: Do you agree with him that there is a difference of fifteen per cent in value?

The WITNESS: It is the value of the cloth I am speaking of.

Sir CHARLES DAVIDSON: I understand you to state that in your belief this cloth is not fifteen per cent below the sealed sample, as regards quality and value.

The WITNESS: As regards value.

Sir CHARLES DAVIDSON: Why do you say as regards value?

The WITNESS: There are so many things enter into it—as regards quality; the two would go together, quality and value.

Mr. O'CONNELL: Then, Sir Charles is right in saying, as regards value and quality?

The WITNESS: Yes.

By Mr. O'Connell:

Q. You were about to state the reason for that—that in one piece of cloth you get heavier yarn than you do in the other, and in the case of the heavier yarn you get the same weight with a lesser number of ends to the square inch?—A. Yes, it is possible to get the same weight, and, according to the inspector's report, we have been getting the same weight with a lesser number of ends.

Q. The weight, to a certain extent, is a determining factor in the value?—A. Not necessarily, but providing the weight is correct and the strength is correct.

Sir CHARLES DAVIDSON: Has there ever been any pressure put upon you, or upon your Department, even remotely, to accept goods from the mill, which in your belief, or in the belief of your staff, were not up to the quality?

The WITNESS: Never, sir, at full value. Some times there is a proposition made when we reject the goods, and the mills have acknowledged their fault, and if the goods are of no use for anything else, the proposition is made if the price is less will you accept them. That is a very common occurrence. But, never to my knowledge, has any pressure been brought to have goods accepted at their full value that have not been passed by the inspector.

By Mr. O'Connell:

Q. You were about to state that you assumed that Dr. Hersey came to his conclusion that the cloth was fifteen per cent inferior quality and value, because there were a less number of ends, and had overlooked the fact that the weight might be there, owing to the extra weight of the yarn?—A. Not only that, there were a less number of ends, but he also took into consideration the short fibres, in forming his opinion.

Q. Now then, having drawn his conclusion from both these assumptions, from what you know of this particular case, would his conclusion be accurate?—A. I would say it would not be accurate.

Q. Are your machines in the department, which you use for testing, effective?—A. We consider they are the best machines we can get. The nine-inch machine is identically the same with that used in the War Office in London.

Q. I show you now Sample No. 33 the Government standard?—A. Yes, that is it.

Q. When was that sample supplied to the department?—A. In 1912, the date is on it.

Q. Have you anything to say as to the wool conditions in the market between the time this sample was supplied to the department and the wool conditions prevailing during the time that cloth was manufactured by the Auburn Woollen Mills?—A. The conditions are entirely different. When that sample was made, Canadian fleece wool was used to a very large extent in the manufacture of all such materials for the Government. Since the war broke out, since the time the orders were given to the Auburn Company, it has been impossible to procure Canadian fleece wool. The result is that Australian wool, New Zealand wool, and East Indian wool, particularly these three wools, had to be brought in here for the purpose of manufacturing. This woollen question is a very large one. There is no other line of goods that we handle where the knowledge, the practical knowledge of the inspector comes more into play than in

this. You cannot be guided exactly by a written specification, because, as I say, you take a test made on a piece of cloth of twelve inches, or any test on the same piece of cloth and you will get a different result, and the only practical way that we know of to get the quantity required is to see that we get the tensile strength, that we get the shade, and that we get the weight and general appearance. That is the only practical way.

Sir CHARLES DAVIDSON: What have been the practical results as regards war service in the use of this cloth; has much of it been used by men in the trenches?

The WITNESS: Yes, sir, immense quantities of it, and to my knowledge no complaint has been made. I think any complaint that would be made would come to me, and we have not had one single complaint, as to any cloth, not only the Auburn Company's cloth, but any cloth passed by the department.

By Mr. O'Connell:

Q. What point do you make as to the different conditions prevailing in the wool market?—A. Speaking generally, I know that the manufacturers are in a bad position; they cannot get the wool in quantities to produce identically the same goods as that in that sample there; they have got to take this East Indian, Australian and New Zealand wool. It is sorted after it comes here, and even after being sorted they go over it again and sort it, and go over it a third time and sort it, and still find there was some sorting to do. Naturally some of this short hair wool will get in there. Then, the season has a good deal to do with wool. If it is a hot-dry season, you will get short hair-like wool where you would not get it to the same extent in an ordinary season.

Q. So that the manufacturers under these conditions have their difficulties?—A. They have their difficulties, and the department also has its difficulties. We have to secure materials; we have to use what we think is common sense in getting these materials and passing them. We have to get the material, and, as I say, if we hew strictly to the written specifications we will not get the goods in the quantities required.

Q. Have you used common sense in the inspection of these goods?—A. The inspectors have used what they consider common sense within the margin allowed. We set a margin there that even their own practical knowledge cannot go beyond.

Sir CHARLES DAVIDSON: That may be prudent from one point of view, but what as to price? If you are very liberal in your inspection, does it result in the manufacturer making more profit?

The WITNESS: I consider that it is costing the Auburn Company, or any of the other concerns, and there are a great many of them, just as much money to produce the goods that the Auburn Company produces here, as it would to produce the goods, if they could get the wool, in accordance with the standard pattern. I have gone very thoroughly and carefully into this woollen question and as I say it is not like anything else; it is the one thing above all others in which judgment has to be used.

By Mr. O'Connell:

Q. So that in your acceptance of the Auburn woollen goods, nothing has been done for the purpose of saving the cost to the manufacturer, compared with the cost of manufacturing material such as this in the sample?—A. I would say not; we have to allow a slight margin in order to get the materials, and there has been nothing accepted by the department that I believe has been accepted wrongly. There has been nothing produced yet to show me that our inspectors' judgment has been very much at fault. As I say, we have to use a little judgment. These inspectors are practical men; they know the difficulties, and not only the difficulties, but they know that no manufacturers of any woollen material can produce from time to time identically the same article, let them try as they will.

Q. Is there anything else you wish to state, Mr. Burns?—A. Sir Charles Davidson asked Dr. Hersey what difference in value per yard would this difference make, and

[Auburn Woollen Mills—Burns.]

Dr. Hersey answered that assuming the yarn was the same in sample 33 as in the others, there would be a difference of 19 per cent. He is assuming that the yarns are the same, whereas, seeing we have the weight, the yarns are not the same.

Q. And having taken the wrong premises, his conclusion is wrong; is that what you want to say?—A. Exactly. He says that assuming that the yarn is the same in sample 33 as in the others, there would be a difference of about nineteen per cent. Then Sir Charles said: "In value per yard, in the value of the goods per yard." Getting back to the same thing again, Dr. Hersey says in his evidence that the goods would be about nineteen per cent light, but according to our inspector the goods were not light. Assuming that the threads were the same size they would be light, but as an actual fact the goods were not light, because the threads were not of the same size.

Q. The threads in the Auburn goods were heavier?—A. They must have been heavier to give us the weight required. Then, the last thing I notice here in Dr. Hersey's evidence is that in giving his estimate of the difference in cost he says, if I read it correctly, that the difference between short fibre goods in the Auburn Company's material and that in the sealed pattern is fifteen per cent, and, therefore, the value of the cloth would be fifteen per cent less. But I cannot agree with that because after all the cost of manufacturing is, in my estimation, what fixes the value of cloth. Now, then, instead of being fifteen per cent less in value as a finished article, assuming he is correct, that will be fifteen per cent in the value of the wool, but the cost of manufacturing would be the same, and, therefore, the only difference in the cost of the material would be the difference of fifteen per cent between the cost of the short fibre stock and long fibre stock, which is an entirely different thing.

Sir CHARLES DAVIDSON: How do you distribute the proportionate cost with respect to the cost of manufacture and the cost of material; what percentage?

The WITNESS: I am afraid I will have to say that we consider it approximately of equal value or otherwise we would not be justified in passing it.

Sir CHARLES DAVIDSON: I refer to the cost of manufacture plus overhead charges on one hand, and the cost of material on the other; do you say they are fifty-fifty?

The WITNESS: No, sir, the cost of the material would be greater.

Sir CHARLES DAVIDSON: Greater than the cost of manufacture plus overhead charges?

The WITNESS: Yes.

By Mr. O'Connell:

Q. Short fibre does not necessarily mean cheaper wool?—A. Not necessarily, because there are so many reasons which may account for short fibre being in the finished article, which really started from an original mixture of long fibre. That is, it may have to be picked a number of times. Dr. Hersey also mentions the twist of yarn. It is possible to a certain extent, not to a very large extent but to a certain extent, that the more you twist the yarns in spinning the more you are apt to break some of these fibres, and that would account to a certain extent for the number of short fibres appearing in the finished article.

Q. I understand that there are short fibre wools on the market that are superior in quality and higher in cost than some long fibre wools?—A. They would be very much fibre wool, if that were the case.

Q. Is there anything else you wish to say?—A. No, I think that is all, so far as Dr. Hersey's evidence is concerned.

Q. Is there anything else you want to say upon your own initiative?—A. No, sir. I think that is all I have got to say. I can only repeat that there is nothing received in our inspection room that requires just quite as much practical knowledge, practical manufacturing knowledge in handling, as woollen goods do, because what appears in theory does not work out in practice.

Q. And that is especially so in the case of manufactured woollen cloth?—A. Especially so.

Sir CHARLES DAVIDSON: The mills received for the February and March 1915 deliveries, \$1.55; for September and October deliveries, \$1.75; for the November delivery \$1.80, and for the 20,000 yards delivered under the last order, \$1.95—suppose your specification called for all wool material, what would have been the relative cost?

The WITNESS: I would have to go into that, I cannot answer it offhand, it requires consideration and figuring.

Mr. O'CONNELL: There is a statement made by one of the witnesses that it would cost \$2.50 a yard if it were all long wool.

Sir CHARLES DAVIDSON (To the witness): At any rate you are not prepared to make a statement as to that?

The WITNESS: No, sir, but I would say that the wool that would go into a yard of that cloth to-day, if it were pure wool and no waste or anything like that allowed, would cost \$1.70.

Sir CHARLES DAVIDSON: I would say at least \$2.50 a yard. I may say that the price of wool on which I base that calculation has been given me by one of the largest manufacturers, and he might perhaps get a more favourable price than some of the smaller men; he buys in very large quantities.

By Mr. Hutcheson, K.C.:

Q. There are some matters I would like more light upon, being a non-expert—in the first place, may I ask, do you personally take any part in the inspection?—A. Not unless the Inspector is not satisfied to pass the goods, and then he refers it to me.

Q. Were some of these Auburn Mills goods referred to you?—A. About 1,000 yards or so, that we had occasion to reject, and which were returned.

Q. I assume from what you tell me that none of the goods that were accepted were referred to you?—A. No. The inspector's judgment comes into play there, and he may possibly have referred some of it to me, but I have no recollection of it.

Q. From what you tell us with regard to the result of the inspection, you have to depend on hearsay from the inspector?—A. From the report of the inspector.

Q. There is one matter to which you referred at the outset and which is not plain to me—you were discussing Dr. Hersey's remarks regarding short and long fibre, and you told us about the wool having to be carded, and then the proper shade selected and colour added, if necessary—have you any information that is was found necessary to add colour to the case of the Auburn goods in question?—A. Not so far as the Auburn goods specially are concerned, but it is common to all manufacturers. I would say that there is scarcely a batch that is put through that has not got to be altered in some way as to shade.

Q. Then following that you say that the wool is to be picked over and colour to be added?—A. Yes.

Q. How did the picking over cause a larger number of short fibres?—A. The picker itself is a machine with teeth that draw apart the raw wool and naturally in tearing it apart the fibres in some cases are broken, which would result in short fibre.

Q. A good deal of tearing apart must take place in the necessary mixing of the produce?—A. It must be all picked over two or three times in order to get the different colours properly blended.

Q. Since it must be all picked over, thus causing a larger number of short fibres—you say that the inspector cannot be guided by the number of short fibres, but that it must be practically all picked over; I do not see the result of that statement. If it must be all picked over it must produce a number of short fibres?—A. It would affect the number in the finished article.

Q. And we would expect to have an increased number of short fibres, resulting from the picking over, and I do not get the force of your statement that the inspector cannot be guided as to the number of short fibres, because there must be this picking over. What is it he cannot be guided in, in the number of short fibres he found on account of this picking over?—A. I do not think I said that.

[Auburn Woollen Mills—Burns.]

Q. Make it plain what it is you say, that this picking over has some effect on the judgment of the inspector?—A. Not of the inspector. The bearing it would have would be on the number of short fibres that would appear in the finished material.

Q. I take it that we must expect that goods will be picked over always, as you told us?—A. Not always, but very often.

Q. I think you said almost universally?—A. Yes, they have to add any colour that is lacking.

Q. The manufacturer must contemplate the picking over, and if he contracts to supply an article with a certain proportion of short and long fibre, he must realize that this picking over must take place, with the invariable result of a larger proportion of short fibres?—A. Yes, speaking from the manufacturer's standpoint it would not affect anything. It would account to a certain extent for a larger number of short fibres, but there is nothing else to it. If he gets the mixture on the floor and he finds it is not identically the correct shade, he has to add to it, he cannot possibly do anything else with it.

Q. He has to add some other colour?—A. There is no other course open to him but to add; he cannot detract from it.

Q. Did your specification designate in any way the proportion of long and short fibres?—A. No, sir.

Q. It did not?—A. No.

Q. So that would be an element merely, which might aid the Inspector in passing or rejecting the goods, without there being an absolute requirement on the subject?—A. If the goods come into us of the required weight, the required tensile strength, the required finish and the required shade, he is guided simply by that; he does not go into counting short and long fibres and that kind of thing. The thing would not be workable at all.

Q. Are the specifications confined to these four items?—A. I think they are, they are the essential points.

Q. There is one point I want to ask you about—you say that Dr. Hersey was of opinion that fewer threads—does that mean ends?—A. Ends or picks. It depends on whether it is warpwise or in the fulling. They are called ends in the web and picks in the fulling. It is the same thing; it is the number of threads to the inch.

Q. You commented on this statement that fewer threads mean lighter weight, and that is not the case?—A. As far as the Auburn Company's goods are concerned, we had the specified weight in the finished article.

Q. Dr. Hersey's statement, as I recollect it, went further than the question of weight and the fewer number of threads—he rather complained that there would be a higher degree of porosity with the smaller number of threads. I think I can turn you to what he said in the evidence. He said, on page 18: "The more threads there are to the inch in cloth of that class, the less permeable the cloth is to the wind, hence the importance of having more threads to the inch; it would have been preferable to have the material equal to the sealed sample, No. 33, on account of having less porosity. I assume it would be less porous with sample No. 33, which has 33 threads to the inch than with the other sample which had only 26." Is not the relative degree of porosity important?—A. No, sir, it is a thing that never enters into the inspection of it at any time.

Q. Why is less porosity desirable then, is it a question of cold weather or wet weather?—A. These coats are used in all weathers. That is a question we never consider. What we call the finish takes care of that. If it is our finish, which would be fullled to a certain extent, pressed to a certain extent, that all comes under the one head, but we never examine it as to the porosity of it at all. It does not enter into consideration.

Q. In the result, it is desirable to have the goods of a less degree of porosity than of a considerable degree of porosity?—A. It works both ways. While it might keep out more wet or dampness perhaps, on the one hand, still it would keep in perspiration on the other hand, so that, as far as the actual material is concerned, that is not considered.

Q. It is only fair to say that Dr. Hersey, on the following page of his evidence, regards the matter of rather academic interest; he does not think it is a matter that should call for consideration, although he says he would not suggest disregarding it; he says he would call the manufacturer's attention to the fault, but he does regard it as a fault, and you say you do not attach any importance to it?—A. Not of any account. I had better qualify that because I say that if the finish is satisfactory to our inspector, this would come under that heading. Of course, if there were threads, so as to alter the finish of the material, then we would consider it. That would be along the same line as Dr. Hersey mentions there.

Q. Has the finish to do with appearance only or does it refer to other matters?—A. To the appearance alone, generally speaking. If the threads were so much less in quantity as to affect the appearance, then we would reject it, and that of course would affect the porosity of it.

Q. You have explained to us that fewer threads would not mean lighter weight in the manufactured article, because the weight of the threads then would be greater?—A. Provided the finished article would be of the same weight.

Q. There again you are assuming that the finished article was of the weight stipulated for?—A. Exactly.

Q. You do not yourself know anything about that?—A. Not directly, but the inspector, of course, would not pass it if it was not the weight; at least he would have no business to pass it.

Q. And your claim is that Dr. Hersey's process of analysis which he has detailed for us is not workable in practice and is not done in the trade?—A. Yes.

Q. I understood him to tell us that he had been engaged for a number of years in the woollen business?

Mr. O'CONNELL: Only two.

By Mr. Hutcheson:

Q. He told us that he had been engaged in carrying on the operations of a mill; should not that give him practical knowledge?—A. I would not think it would.

Q. You think it would not be sufficient?—A. I cannot conceive of it being sufficient at all.

Q. You think that is not sufficient to graduate a practical man from the practical end of the woollen business?—A. I cannot see that he could, in that length of time, qualify. I may say right here that a manufacturer of thirty years, or thirty-five years, or forty-five years' experience, has problems put up that even he hardly knows what he is at.

Q. Then you have presented to us the same piece of cloth which has been subjected to several different tests, and you told us your practice was to allow from 32 to 33 ounces per yard?—A. Our specifications call for that.

Q. And you spoke of making a certain allowance in practice; what do you say about that?—A. In so far as the specification is concerned. The specification covers the margin allowed, except that if it is one-tenth or two-tenths or three-tenths of an ounce one way or the other we use our judgment about it. We feel we would be justified in accepting it, knowing that it is impossible for the manufacturer to always produce identically the same thing.

Q. That brings me to the explanation I wanted—you found a variation of thirteen pounds in the tests on this one piece of cloth. That, I take it, indicates that the piece of cloth which you yourself tested at different points was not uniform in tensile strength?—A. The tests show it.

Sir CHARLES DAVIDSON: Where did you get that piece of cloth?

The WITNESS: It was a piece that happened to be in my office.

Sir CHARLES DAVIDSON: Was it Auburn Mills cloth?

The WITNESS: I cannot say it is. It was just a piece of cloth I had there, and it shows the result that you will get on the same machine with the same piece of cloth.

[Auburn Woollen Mills—Burns.]

Sir CHARLES DAVIDSON: You do not know whether it was or was not cloth supplied by the Auburn Company?

The WITNESS: I do not know whether it was nor do I know where it came from. It was there with a label on it and I got samples from it.

Sir CHARLES DAVIDSON: How did it compare with sample 33, did you make an examination as to that?

The WITNESS: No, sir, all I tested this for was to justify the margin allowed by the department, because the test of that same piece of cloth shows that you get that variation.

By Mr. Hutcheson:

Q. Can you say whether or not that piece of cloth was a piece which had been accepted by the department?—A. It was not, it was a sample in my own office, just a sample cut.

Q. I fail to see the value of the comparison?—A. There is no comparison. It is just to show that the machine tests will show a variation, on the same machine, on the same piece of cloth, at the same time.

Q. Are you not assuming that the 12 inches of cloth has a uniform tensile strength?—A. No, I am showing that it has not.

Q. I show you the second of these cards attached to this piece of cloth, which shows that it tore under a pressure of 71 pounds. Why may it not be that the cloth at that point was somewhat less in tensile strength than the cloth at one of these other points, where the tearing result was different? In other words, the cloth throughout was not of uniform tensile strength?—A. Nor would any other piece of cloth; we get that same variation in any piece of cloth. That test there is an illustration of what will happen to any piece of cloth. You make six or seven tests of a piece of cloth, and you will get possibly six or seven different results right in the same piece of cloth. That sample there is simply to show that the department must use a little common sense in accepting or rejecting cloth; you cannot hold hard and fast to any prepared specification. If you take one piece which tests only 59 pounds, it would not be quite fair to the contractor to reject that without going through the cloth which might show other tests as 69, 70; we have to use judgment.

Q. Are you able to give us any assurance that sample 33, upon which this contract was based, displayed any such variation in tensile strength as the sample which you now produce and subjected to this test?—A. I cannot say it will show the same variation, but I would say it will show, and so will any other piece of cloth, variations somewhat similar. Our experience has been that you will get a difference between from one to fifteen pounds right in the same piece of cloth on the same machine.

Q. There was some discussion regarding the value—not as to the difference in quality but as to the difference in value—do I gather that the manufacturing cost accounts for the difference in value, if there be a variation between the manufactured article and the sample?—A. That is not what I intended to convey. What I intended to convey was that the cost of producing anything would be my idea of the value. I was not comparing them.

Q. The amount of cost of manufacturing surely cannot be accepted as a reliable guide when it comes to a question of value; don't you agree with me in that?—A. I quite agree there, but having in mind that this material came within the margin allowed by the department, I cannot quite agree that the fifteen per cent represented the difference in value because if we considered that the material sent into the department was 15 per cent less in value, or 15 per cent less than the article contracted for, we would not pass it. At least, I would not, if it came to me. On the other hand, we have got to allow reasonable variation. That was our justification for passing material, not only from the Auburn company but also from any company that did not meet our standard or specification in every respect. After all, it is impossible for the manufacturer to do that. If it was a question in our estimation that this material was inferior in wearing quality and that kind of thing, to any

[Auburn Woollen Mills—Burns.]

appreciable extent, we would have rejected it and returned it. Our inspector was satisfied it was reasonably close to what was expected, as close as the manufacturer could get, knowing the variations in the manufactured article from the same batch, and the different results which are obtained from the same batch.

Q. Would not the difference in value be a question of opinion; is it capable of being determined exactly?—A. I cannot see how it can be determined exactly. A chemist might do it, but no manufacturer would take on himself—I think I am safe in saying that absolutely no manufacturer would take on himself to pick up two pieces of cloth, that are approximately close to one another, and say what the difference in value would be. I could not do it, that is, if the qualities are relatively close, that is within ten or fifteen per cent. I cannot conceive that anybody can determine exactly whether a piece of goods is worth ten or fifteen per cent less or more than another piece of goods.

Q. Under any circumstances, can a contrast of the cost of manufacture afford any safe guide to the question of resultant values? Would it be safe, under any circumstances, to say that because an article is believed to be 15 per cent below the requirements of a sample it must therefore be fifteen per cent less in value?—A. I conceive of there being a difference greater than 15 per cent without one being able to detect the difference in value. Take two pieces of cloth, and one may be a little different in appearance from the other, and I cannot conceive even of a manufacturer being able to say definitely what the difference in the cost of the two pieces is.

Q. Of course, it is obvious, I presume, that if goods are below the requirements of the sample and specifications they must be, in some degree, below them in value?—A. Yes, sir, but on the other hand a reasonable margin must be allowed if you are going to procure material and anything that goes below that margin is rejected and returned by us. Large quantities are returned every day.

Q. That brings me to the next question, which puzzles me a little. You told us about the conditions of the wool market and how different they are now from the time when these specifications were issued and the sample supplied—how is it that this Canadian fleece wool was obtained before and that since the war it has become scarce?—A. It was more easy to obtain it then than it is at present.

Q. One would think it desirable to change the specification or possibly to alter the sample with the changed conditions; what have you to say to that?—A. It might possibly, and our practice is to do that kind of thing, but you must remember that we have been working, not under normal conditions at all. This war broke out suddenly and we had to have the material right away. This is a re-hash of the evidence already given before other commissions, and this Commission also, but it is a fact, nevertheless, that these things would require time, and time is an essential point about all our orders right through. That was so, not only at the start of the war, but ever since, because until just recently there has been a very pressing demand by the Quartermaster General for a clothing.

Q. At all events, no changes were made in the sample?—A. No change was made. The only thing was that considering the woollen market which we know, perhaps just as well as the manufacturers themselves, considering the safeguard we had in our strength tests, considering the careful inspection we made of this material, I think we were safeguarded in every possible way.

Q. Then are we to take it, Mr. Burns, that having regard to the changed conditions, this sample No. 33 and the specification accompanying it are not intended at the present time to be really a guide to the manufacturer, but that some allowance must be made?—A. The cloth furnished is in its essential features equal to the sample, the strength, the weight, the finish, and the shade, as I said before. These are the four essential features.

Q. Then you still insist on all of these?—A. We still insist on these, within a reasonable margin, as we always have done.

Q. Was that margin which you mention, of fifteen per cent, allowed prior to the change in these conditions?—A. At all times.

[Auburn Woollen Mills—Burns.]

Q. It always has been allowed?—A. It always has been. I may perhaps make that clear. It is not a margin, in our estimation, of the difference in value. We do not allow a margin, so far as value is concerned. This is a margin allowed in the various ways of examining the cloth. For instance, that strength test. The sample I have produced there shows that some pieces of cloth will have a margin of 15 per cent in the test. Therefore, it is not a difference of 15 per cent in the value of the cloth. If the wearing quality of that cloth is lower to any extent than our standard pattern, we would not accept it. It is just in helping us to form an idea of the value that we adopt that 15 per cent.

Q. Then it obviously follows from what you say that there would be a depreciation of 15 per cent in the quality and also a depreciation in value?—A. Not in the quality, the strength test.

Q. Is not that quality?—A. No.

Q. It is one feature of it?—A. Not necessarily, because you can take the very finest material that can be produced, material that will cost more than that there, and it will not test anything like what that piece of cloth did.

Q. And you have said that there may be a depreciation of 15 per cent in the comparative strength test and still no appreciable difference in the value?—A. Yes, and to prove that I have shown here to-day that you may get a difference of 15 per cent in the same piece of cloth with the same test.

Q. In answer to the honourable Commissioner you said that the cost of manufacturing, plus overhead charges, is less than the cost of the material; can you indicate in a general way what is the proportionate difference?—A. No sir; that would take considerable time to go into the manufacturing cost; I cannot answer that offhand.

Sir CHARLES DAVIDSON: It is of no importance.

By Mr. O'Connell:

Q. The specification calls for 38 ends to the inch and the sample supplied by the department only has 32 ends to the inch; did you ever observe that difference?—A. Yes, sir, but as I have stated, provided we get the finish in the article, we pay no attention to the number of ends.

Q. The increased porosity does not necessarily follow from the diminution in the number of ends, because the yarn in one piece may be heavier than in the other?—A. That is quite true, and it does not follow either in this way: of two pieces of goods out off the same web one may be fulled to 56 inches and the other to 58 inches, and you get a difference in porosity right there.

Sir CHARLES DAVIDSON: In your invitations to tender, one of which was addressed to the Auburn Mills Company, there appears this statement: "To be exactly similar in every respect to our sealed pattern and specifications therefor." What specifications are referred to?—A. It is the general specification covering that; it is a covering sheet on the sample.

Sir CHARLES DAVIDSON: Is it a specification attached to the sample book?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: Attached to each sample in the sample book?

The WITNESS: Yes, sir.

The witness retired.

CHARLES FERRIL, Cloth Inspector, Militia Department, sworn:

By Mr. O'Connell:

Q. You have been examined already before this Commission?—A. Yes, sir.

Q. You are one of the inspectors in the Militia Department?—A. Yes.

Q. And you are employed to inspect these cloths from time to time?—A. Yes.

Q. You have inspected the Auburn Woollen Mills cloth?—A. Yes, right along.

[Auburn Woollen Mills—Ferril.]

Q. You gave your evidence before about the result of your inspection?—A. I did.

Q. What was the result of this inspection of the Auburn Woollen Mills cloth?—
A. It came up to specification in every respect, as far as I can see.

Q. Did you submit it to the usual tests?—A. Yes, always.

By Mr. Hutcheson:

Q. What was that test?—A. The strength test, 60 pounds to the inch. Anything under that I was supposed to reject. That is on the inch machine.

Q. Have you read Dr. Hersey's evidence?—A. Except just where he says it was under strength; he claimed it was 57 and 50.

Q. You, of course, I take it, do not do anything in the way of counting threads?—A. Not very often.

Q. Did you in this case?—A. I do not think I did in the Auburn Mills case.

Q. Do you ever do it?—A. I do, occasionally, if I suspect that there are not enough ends in it, but it is almost impossible with a piece of frieze to do that, it is almost impossible to do it. It is possible but it is very hard.

Q. What is your usual practice, is it to count the ends?—A. The feel of the goods for one thing, and the quality, and if it don't stand up to the test on the weight—it must stand up to the weight.

Q. What is your usual practice—is it to count the ends or not to count them?—
A. We do not usually count them, occasionally we do, if we mistrust anything, we might count them.

Q. I presume that in addition to the strength test on the machine you applied the weight test; did you weigh the cloth?—A. Oh, yes, we always weigh the cloth.

Q. And as to finish, you would be guided by your eye?—A. By the eye, and by the handling.

Q. And the same as to the shade?—A. The same as to the shade.

Q. We were told by the last witness that the strength, finish, weight and shade are the only items which are considered?—A. That is all; he has asked me to count the threads in certain samples, which I did.

Q. From whom do you get your instructions as to the test?—A. From Mr. Burns.

Q. As to the strength, finish, weight and shade?—A. Yes.

Q. And all of the goods of the Auburn Mills, except those which you have rejected, and which amounted to about 1,000 yards, complied with your regular test in these four regards?—A. Yes.

The witness retired.

JAMES KENDRY, President of the Auburn Woollen Mills, already sworn, recalled:

Examined by Mr. O'Connell:

Q. I now hand you a piece of your cloth which was supplied to the Government; that is a fair sample of it?—A. Yes, sir.

Q. Compare it with sample No. 33.

Sir CHARLES DAVIDSON: Is this something new?

Mr. O'CONNELL: Yes, my lord. It is just on the question of porosity.

Sir CHARLES DAVIDSON: When was this sample supplied to the Government?

Mr. O'CONNELL: It was supplied to the Government under the contract.

By Mr. O'Connell:

Q. When was that particular piece of cloth supplied to the Government?—A. Lately, I can hardly say when, but we supplied it lately.

Q. It is a fair sample of the general class of goods you have been supplying to the Government?—A. Yes.

[Auburn Woollen Mills—Kendry.]

Q. It is a fair sample?—A. Yes.

Q. What do you say as to the relative porosity of the sample which you supplied to the Government, and sample 33, which I now show you?—A. This piece of cloth which I have in my hand has less porosity, certainly, than has the sample. What I mean is it is closer made, it is more felted.

Q. Porosity means that it is more open?—A. Yes, sample 33 is more open than ours.

Q. You say that your cloth is less porous than sample 33?—A. Yes.

Sir CHARLES DAVIDSON: Why do you not have the opinion of the witness on the actual samples, Nos. 5, 6, 7, and 8 which are filed in the case, instead of this piece of cloth which has not been filed?

Mr. O'CONNELL: I will do so, my lord.

By Mr. O'Connell:

Q. I now produce sample No. 33 and sample No. 5, and I ask you to compare sample No. 5 with sample 33; what do you say as to these two samples, which has the more porosity?—A. The most resistance?

Sir CHARLES DAVIDSON: No, the more porosity.

By Mr. O'Connell:

Q. Which is the denser cloth?—A. Sample No. 5 is a denser cloth than sample No. 33.

Q. Take sample No. 6 and say which is the denser cloth?—A. Sample No. 6 is more dense than Sample No. 33, it is better felted.

Q. Take sample No. 7?—A. Sample No. 7 is denser than sample No. 33.

Q. Take sample No. 8?—A. Sample No. 8 is more dense than sample No. 33.

Q. You heard Dr. Hersey give his evidence about the short fibres?—A. Yes.

Q. And as to his manner of ascertaining the number of short fibres in the yarn?—A. Yes, sir.

Q. Can that be done?—A. No, it is not possible to do it.

Q. Why?—A. Because it is not practicable. No manufacturer does that; anyway, I have been 50 years in the business and I have never heard of it.

Q. Does short fibre necessarily mean less strength or less quality?—A. No.

Sir CHARLES DAVIDSON: That is not an answer.

By Mr. O'Connell:

Q. Does a less number of long fibre necessarily mean inferior quality?—A. Well, long fibre may be inferior in strength, more inferior than short fibre.

Q. What do you say about the quality?—A. Strength and quality. The shorter fibre may be a better quality than the longer fibre.

Q. Why?—A. Because it has got more blood in it. A great number of the long wool has not very much blood in it. I may mention East India wool which has not so much blood as shorter wool. There is lots of this wool which is stronger than the long wool of East Indies.

Q. What occasions the short fibre coming out in the cloth afterwards; what causes the short fibre?—A. You may take the longer fibre, and, in the process of manufacturing—in our picking room, in our carding room, the two inch staple is liable to be broken up into half an inch or three-quarters of an inch in the process of carding, picking and fulling, to which we subject it.

Q. Does that result in any variation as to the quantity of long wool fibre that may be found in the finished article?—A. Yes.

Q. Does the fact that short fibre may be found in the finished product mean that that is wool stock?—A. No, sir, it does not.

Q. What do you say as to Dr. Hersey's statement as to the difference in the number of ends to the square inch in the sample and in the cloth furnished?—A. So

far as strength is concerned, we have the strength. There may be fewer threads, but there is heavier yarn, and, as has been given in evidence, the cloth has the same weight.

Q. So that you may have a less number of ends to the square inch in cloth in which you use heavier yarn than you would have in a piece of cloth where you used lighter yarn, and still have the same weight?—A. Certainly.

Q. What class of yarn did you use in your cloth?—A. In that class of goods we call it one run yarn, that is universally used in frieze.

Q. How does it compare with the yarn in the sample, as to weight?—A. The yarn in the sample looks to be a little lighter than ours, I cannot tell you how much.

Q. Dr. Hersey also tells us that it is the practice for the manufacturer, when he gets a contract to supply goods to a sample, to take the sample to pieces, to dissect it, and ascertain by inspection the quantity of short fibres and so on—is that the practice?—A. No, sir.

Q. Dr. Hersey said that was done for the purpose of enabling him to come up to strength and quality and so on, is that done in the trade?—A. No, sir.

Q. It is not done in the trade?—A. No one in the manufacturing business does it.

Q. What is the usual practice of the manufacturer in cases of that kind?—A. The usual practice for the manufacturer is, if I get a piece of goods and they say, can you make goods at the price, the same as that, we get down to the amount of work and the kind of stock we have to use to make it at that price. That is the usual custom. No man can produce a piece of goods here and say what the value of that is; no one can do that, I do not care who he is.

Q. Is it possible, on the analysis such as described by Dr. Hersey, to determine the value or the quality of the goods?—A. No, you cannot do it.

Q. Dr. Hersey says he has had two years experience as the manager of a mill; what skill could he develop with experience of that kind?—A. The woollen business is a very intricate business. I say that if Dr. Hersey had two years' experience he might not know anything and he would not know very much. I have been in the business a long while, and I know other people in the business, and the longer you are in the business the more intricate it gets, so that two years would not be considered a proper apprenticeship in the business, or anything like it.

Q. Is there anything further you wish to state?—A. No.

By Mr. Hutcheson:

Q. The sample which you first produced before the Commissioner and which you afterwards set aside, was merely a sample taken from your own manufacture and not a part of the actual goods supplied to the Government?—A. It was not a part of the samples we are investigating.

Q. You say that samples 5, 6, 7, and 8 are all denser than sample 33?—A. I do.

Q. What makes the density, is it the number of threads?—A. No, it is the felting. Ours is better felted in our mill. You make it dense so that you cannot see through it; you can hardly put water through it. The felting property is greater in our wool, it is better felting wool.

Q. Have you submitted these samples to any test other than feeling them in your hand and examination by the eye, when you spoke about their density?—A. We tested for strength.

Q. Have you tested samples 5, 6, 7, and 8 in any other way except by feeling and by the eye?—A. We tested them on our machines, we have the machine the same as the Government and that is where we get that strength.

Q. Does that enable you to speak as to density?—A. So far as the density is concerned, it is the fulling that makes the density.

Q. Is it desirable that the threads should be greater in number and lighter in weight?—A. That depends a great deal upon the class of cloth. I am speaking now more particularly of the frieze cloth made for overcoats for the Government.

[Auburn Woollen Mills—Kendry.]

Q. I take it to be established that the cloth you supplied contained fewer threads but these were of greater weight than the threads in the sample?—A. Yes, the yarn was of a greater weight.

Q. Does that produce as good results as if you had complied exactly with the requirements as to the number of threads?—A. It does.

Q. As good a result?—A. Yes, my cloth is closer in density than sample No. 33. My cloth is closer and would resist water and wind better than the other.

Q. That might be all right if density was the only test, but does it produce as good results in every way, as to tensile strength, for instance —A. Yes.

Q. Obviously it would as to weight, but what about the finish?—A. Just as good as to finish. To my knowledge I might say it would be a better finish.

The witness retired.

RAYMOND S. BARTLETT, superintendent of the Burlington, Vermont, Woollen Mills, sworn:

Examined by Mr. O'Connell, K.C.:

Q. I understand that you are the superintendent of one of the largest industries in the state of Vermont?—A. I believe it is the largest.

Q. And I think yours is the second largest woollen mill on the continent of America?—A. Yes, of that character of mill.

Q. You have had some experience, of course, in the woollen business?—A. Yes, sir.

Q. You have heard the evidence given here to-day by the different witnesses who have been called?—A. I have.

Q. And you gathered from it that the analyst who has analyzed some of this cloth was brought here and said he had ascertained the quantity of the short fibre in the yarn—is that possible to be done by any mechanical test?—A. Why no, not with any accuracy. That is, it is something I have never seen applied to manufacturing. It is contrary to any examination we give cloth in the actual manufacturing, particularly on cloth of this character, that is felted as that is, no one could remove that thread without breaking some of the fibres, and to untwist it and separate the fibres I should think would be a very difficult thing to do with any degree of accuracy. We would not attempt it in our mill. I never heard of it being employed as a means of analysis in actual manufacturing.

Q. And, if it could be done, would it give any useful results as to the quality or value of the cloth?—A. I should not say so, because it would be so inaccurate.

Q. Does short fibre in the yarn necessarily mean inferior quality?—A. Not necessarily, because some wools of good quality are short.

Q. Does it necessarily mean inferior strength?—A. No. In cloth of that character, the length of wool fibre is not the only factor that contributes to the strength.

Sir CHARLES DAVIDSON: Why is wool stock so much cheaper than long wool?

The WITNESS: Wool stock is reclaimed wool. I think the question asked me was as to short fibre wool. (To Mr. O'Connell): Did you allude to shoddy?

Mr. O'CONNELL: No, I meant short new wool.

The WITNESS: That is as I understood the question.

By Mr. O'Connell:

Q. Yes, that is the question—I asked you if short new wool necessarily meant an inferior quality of the cloth?—A. No, sir.

Q. It is not shoddy?—A. No, you might get short wool of a very high quality. Some of the finer wools are short wools.

Q. Does shoddy necessarily mean inferior cloth—what do you understand by shoddy?—A. "Shoddy" is reclaimed wool, either from yarn which is a waste product

[Auburn Woollen Mills—Bartlett.]

which has not been manufactured, or from clippings of cloth. When you speak of the value of shoddy, that would depend entirely on the results you get in converting that waste into the fibrous condition. The same factors that determine the value of wool would determine the quality of the shoddy, that is length of staple and spinning qualities.

Q. And the use of shoddy does not necessarily mean inferior cloth?—A. No, not necessarily, if it is used properly. In fact, a certain amount of shoddy is a benefit to a certain class of fabric.

Q. Is it a benefit in the manufacture of this particular cloth?—A. It is in a way; that is, to get the finish that you would require in frieze. For instance, you have to get a covering, and the greatest number of fibres that you have, on account of the shorter length, and on the same diameter of the thread, will give you more, what they call, points, on the fabric, and it will give you more fibres to produce the cover and the finish that is desired. That is more true of meltons than of frieze.

Q. And, as I understand it, some shoddy is dearer than some new wool?—A. That might be.

Q. For instance, shoddy made from new clippings?—A. Shoddy from new clippings; I doubt if you could find any that would have a value equal to new wool.

Q. But it would be all wool?—A. Oh yes, it is all wool.

Q. I have a statement here written by Samuel S. Dale of Boston, entitled: "An Explanation and Defense of Shoddy and Other Wool By-Products" and I will read a portion of it for you:

These samples show how unfounded is the popular prejudice against reclaimed wool known under the name of shoddy, and how absurd and useless would be the so-called 'pure textile' bills, such as the Lindquist, Murdock, Palmer and Myers bills, which class the inferior materials, Fig. 1, 3 and 5 as 'pure wool' and stamp the better materials, Figs. 2, 4 and 6, with the mark of inferiority. All of these materials are wool, and when made into cloth are of equal purity and cleanliness. When mixed together in the process of manufacture these materials can no more be distinguished from each other than Wyoming wool can be distinguished from Montana wool when the two are mixed and manufactured into wool goods.

WOOL ON ITS MERITS.

The value of wool fibres as raw material for manufacturing depends not on whether they have or have not been previously used in the manufacture of wool goods, not on whether one is called 'new wool' and the other 'shoddy', but on what the material actually is, on its length strength, fineness, flexibility, luster, lack of luster, felting quality, lack of felting quality, in fact, on that indefinite number of characteristics which make wool fibres suited for producing the inexhaustible variety of products required to supply the necessities and gratify the whims of men and women. Varying as these raw materials do, some shoddy being better than some wool, and some wool better than some shoddy, they are selected on their intrinsic merits and mixed together for manufacturing into wool goods. They are also mixed, in the fibrous state or after being spun into yarn, with other textile materials, mohair, camel hair, cotton, flax, hemp, jute, ramie, to produce the particular fabric and effect desired.

If a fabric fails to protect the wearer against cold and damp, hangs badly in the garment, wears shiny, becomes threadbare, lacks durability, or is defective in any way, the cause of the defect is to be found, not in the fact that the raw material has been used once, twice or more times in the manufacture of clothing, not that it was called waste, noils, shoddy or wool, not on the proportions in which those materials were used or mixed with other textile materials, but on the intrinsic value of the raw materials irrespective of their previous condition and on the way in which they were converted into the finished pro-

duct. Poor cloth is made of shoddy, noils, waste and wool by-products, as well as new wool.

Here are the conclusions of the whole matter:

(a) Shoddy is necessary for the existence of the greater number of people now living, because the sheep of the world produce but a small fraction of the wool needed to clothe the inhabitants of temperate and cold climates.

(b) There is less danger of infectious diseases from handling rags and shoddy than from wool.

(c) Disease germs that may be in wool rags, shoddy, cotton or other textile materials, cannot be found in cloth made from these raw materials, because manufacturing is a certain and thorough process of purification.

(d) A wool fabric should be judged by what it is, not by the name given to the wool of which it is made. Much of the wool called shoddy is intrinsically better than much of the wool that comes direct from the sheep.

Q. You have read these statements made on pages 14, 15 and 16 of this book as to shoddy?—A. Yes.

Q. Do you agree with these statements as to shoddy?—A. I do, that is a correct statement.

Q. Then, Dr. Hersey tells that when a manufacturer gets a contract for cloth he analyses the sample in the manner described here and ascertains the quantity of short fibre in the yarn—is that done by a practical mill manufacturer?—A. I have never known it to be done.

Q. What is the practice as you know it?—A. The practice that I have always followed personally, and that I have seen followed, is that we will take the fabric and dissect it, only as regards the number of ends and picks and weight. We weigh a square inch and get the woof and learn its construction by dissecting it, and in that way we would know what is to be produced. We can figure very closely what the diameter of the yarns must be to produce that. We consider, of course, the amount of shrinkage and the dead loss of the raw material we are going to use. We can figure very closely on that.

Q. That is the method that a manufacturer follows?—A. Yes.

Q. Do you use shoddy in your mills?—A. We do, we use quite a good deal of it.

Q. Have you any idea of the quantity you use per annum?—A. We manufacture around from 130,000 to 140,000 pounds a week of shoddy, when we are running the shoddy plant to its full capacity.

Q. Would you consider that a mixture of 50 shoddy and 50 new wool is out of the way in the manufacture of cloth of the class in question here?—A. That would depend on the selling price.

Q. I mean for the quality required?—A. Oh, yes, you could produce that quality with the use of shoddy, but it is very hard to define the proportions.

Q. Look at sample 33 and say if you can give evidence as to that?—A. One could make an estimate only. Only about how much if you are going to work to build a cloth like that. Sample 33 is a cloth that would carry considerable shoddy if you wanted to use it; how much would depend on the selling price.

Q. Assuming that you used wool of good quality and shoddy of good quality, could you use 50-50 in manufacturing a cloth of equal quality?—A. You could.

Q. Dr. Hersey has also made some deductions from the quantity of ends found in the square inch, and he seems to have come to the conclusion that fifteen per cent difference in the number of ends to the square inch means fifteen per cent difference in value and in quality; what do you say as to that?—A. Fifteen per cent is quite a margin. I do not see how it could make that difference, because the different factors from the manufacturing point of view entering into the value are the weight of raw material that it takes to make a yard of that cloth, plus the labour and manufacturing cost. These are the main factors in the cost of a piece of cloth, and as far as reducing

the number of ends and picks is concerned, the only way that that could affect anything at all would be in the increased production perhaps on account of the larger size which would be very small appreciably.

Q. Does the difference in the weight of the yarn used have anything to do with the number of ends?—A. Yes, with the larger diameter you cannot use as many ends.

Q. Therefore, would you have the same weight in the finished product?—A. Yes, if you had your shrinkage.

Q. Coming to the fibres again for a moment, what do you say prevents one from ascertaining the quantity of short fibre originally put into the product in process of manufacture?—A. Well—

Q. I mean, trying to ascertain it from the finished product?—A. Because, through the various processes that the stock is put through it does not retain its original length and form. It is worked over so many times that the handling breaks the fibre up more or less.

Q. Do the results differ from time to time; that is to say, suppose you are using the same quantity of long fibre right along, would the results differ from time to time in the finished product?—A. They will. You cannot control these things absolutely. Why, your difference in fulling alone will produce a difference in that regard. These goods are wet with soap, then you see in the bottom of the fulling-mill there will be a large quantity of flux where the fibre is broken off.

Q. And that result gives a different quantity of long fibre in different goods, although the same mixture may be used?—A. You never get goods through in exactly the same condition, one piece with another; you cannot duplicate conditions.

Q. It is not possible to ascertain from the finished product the quantity of long fibre started with?—A. Not with any accuracy.

Q. What has the twist in the yarn to do with the strength of the material—there seems to be an impression that the more twist you give to the yarn the stronger the cloth?—A. That does not necessarily follow. In goods that are fulled, less twist is more desirable than more twist. In fact, you will get greater strength with less twist than with more. The harder twist will retard the fulling of the stock where the softer twist will aid it, which will result in a more compact fabric and greater strength.

Q. Apparently you can get better fulling results with the loose twist than with the tight twist?—A. Oh, yes, you have to. That is one of the fundamental principles in making heavy goods, it is to make a slack twist. I refer to melton and frieze and goods of that character that are fulled.

Q. Is it possible for any expert to determine the quantity of shoddy in a piece of cloth by examining it?—A. Not with any accuracy.

Q. I mean shoddy, apart from short wool stock?—A. Not with any accuracy.

Q. Is it possible at all; because you may discover short wool and not be able to determine whether the short wool is shoddy or not?—A. If a piece of goods is made of shoddy you could possibly tell it, but if it contains thirty or forty or fifty per cent. a man cannot tell it with any accuracy as to the percentage.

Q. A man may discover to some degree a quantity of short stock, but that would not necessarily determine the shoddy; it might be short new wool?—A. Up to a certain percentage. But if a man composed a cloth of eighty, or ninety, or a hundred per cent. as they sometimes do, out of shoddy, well, then you could detect it; not its percentage accurately, but you would know that a large part of it was composed of shoddy.

Q. Within what limits could he tell?—A. I should say after you passed sixty or seventy per cent you could tell, because it is mushy like in the feeling.

Q. Could you even then tell anything more than that short wool had been used?—A. I think you could on account of the soft handle that you get.

Q. Could you tell the percentage that had been used?—A. Oh, no, not with any accuracy.

Q. Do you get a fair test of the strength by testing the cloth on a machine with a dimension of one or two inches in the piece?—A. I do not know what the custom is here, but we would not consider if we took an inch strip and tested it that we had a

fair test. We would test that piece of goods by taking a two or three-inch strip, and then we would put the inch jaws in the felter and pull, and in that way the point that breaks is separated from the surrounding fibre.

Q. You would not get a fair test by putting in an inch wide of cloth?—A. You would not get a test that would compare with the actual strength of the fabric in the garment.

Q. Nor, so long as you can have the weight in the finished product, is the difference in the number of threads to the square inch of much importance?—A. None in a cloth of this character.

Sir CHARLES DAVIDSON: Why?

The WITNESS: Well, in frieze and meltons there may be less ends and heavier yarn, owing to the fact, as I have previously stated, that twist plays such an important part in the fulling of the fabric; heavier yarns enable you to use a softer twist in spinning for that frieze. If you were finer in diameter with the same stock, you would have to have more twist to spin that finer diameter, and that would result in difficult fulling. The piece would weigh more in fulling and waste more. The dead loss would be greater. I doubt if it would result in as compact a piece or in as strong a piece. These are the principles followed in the production of heavyweight cloth of this character.

By Mr. Hutcheson:

Q. Have you actually applied any test of any kind to sample No. 33?—A. I have not; I have just seen it and handled it, that is all.

Q. I take it that you have not applied any tests of any kind to samples 5, 6, 7, and 8?—A. I have not; I have not seen these.

Q. Have you read Dr. Hersey's evidence?—A. Yes, I saw parts of it this morning.

Q. You did not read it all?—A. No, I read it as regards strength and these items.

Q. Can you tell us how your test, which I understand involves dissecting the fabric, differs from Dr. Hersey's test?—A. He is attempting to tell you the composition of the yarn, or of the stock that enters into the yarn, by these threads, and counting the fabric. We never would attempt that because we would not consider the result would be accurate enough to be of use.

Q. You have told us that, but what would you do?—A. We would merely determine the number of ends per inch each way.

Q. How could you do that?—A. By counting.

Q. Did not Dr. Hersey do the same?—A. Speaking of the ends of the fabric, he apparently did the same: he counted the ends and the picks and gave a record of the ends and picks in different samples he had inspected.

Q. Make it plain what the difference is between your method and his so that we can appreciate what it is?—A. Our method would be merely to determine the construction of the fabric as regards the weight, the number of ends, so far as the stock in the fabric is concerned, we would not attempt to analyze that as he did, because it would be impossible. We would form an opinion as to how we would make that cloth ourselves, if we were trying to duplicate it.

Q. And you say that if you took his means it would not afford a fair test as to the proportion of short and long fibre which had entered into the original make?—A. Oh, no, it could not.

Q. As to the twist, do you agree with this statement of Dr. Hersey at page 7: "Goods made of long fibre are stronger than goods made of short fibre, provided the yarn in the goods has the same amount of twist."—A. That does not necessarily follow.

Q. You do not fully agree with that?—A. Of course, the amount of twist affects the fulling properties of the fabric.

Q. He says that you can have long fibre goods with a certain twist which would be inferior in tensile strength to short fibre, if the short fibre had been given more twist in the spinning of the yarn; do you agree with that?—A. No, I do not.

JOHN FRASER, I.S.O., auditor general for the Dominion of Canada, already sworn:

Mr. THOMPSON: What pistols were purchased by the Department of Militia and Defence?

Mr. FRASER: Colt automatic.

Mr. THOMPSON: What is the retail price in Canada of the Colt "automatic" pistols?

Mr. FRASER: I have forgotten, but it is somewhere about \$26 or \$27.

Mr. THOMPSON: These are the revolvers, I think. Speaking from recollection, the Colt revolver is \$25; although I may be in error. However, that is my impression.

Mr. FRASER: My information as to the wholesale price was that it was \$18.50 with trade discount—ten and five; and two and a half, for cash. We paid \$18.50 net. I know they were selling them to the New York State Government for about \$14.

Mr. THOMPSON: Was it the same pistol?

Mr. FRASER: The same pistol.

Mr. THOMPSON: The same make of pistol?

Mr. FRASER: Yes.

Mr. THOMPSON: That is the Colt automatic?

Mr. FRASER: The Colt automatic.

Mr. THOMPSON: Do you know if that was a new model?

Mr. FRASER: I cannot give you the description now, but the description in the vouchers and the description of those sold to the New York State Government is the same.

Mr. THOMPSON: Do you know if these prices were actually paid or was that information supplied to you third-hand?

Mr. FRASER: Do you mean to the New York State Government?

Mr. THOMPSON: Yes.

Mr. FRASER: I had it from one of their own documents.

Mr. THOMPSON: That is one of the company's documents?

Mr. FRASER: No, one of the documents of the New York State Government.

Mr. THOMPSON: It was an official publication?

Mr. FRASER: Yes, it was a price list for their men, in which they stated that they supplied them at a slight advance on cost.

Sir CHARLES DAVIDSON: You might produce that.

Mr. FRASER: I have not got it now, but possibly I may be able to get it again.

Sir CHARLES DAVIDSON: It would be advisable to get it for us.

Mr. FRASER: I may not be able to get it.

Sir CHARLES DAVIDSON: How long would it take you to get it?

Mr. FRASER: I do not know; I may have difficulty in getting it again, but I am not sure as to that.

Sir CHARLES DAVIDSON: Can you get a copy of it?

Mr. FRASER: Perhaps, I am not certain until I try.

Sir CHARLES DAVIDSON: Have you the vouchers for the Canadian purchases?

Mr. FRASER: Yes.

Sir CHARLES DAVIDSON: You might produce them to-morrow?

Mr. FRASER: I shall.

Mr. THOMPSON: Did the New York documents, to which you have referred, state how many magazines were supplied with each pistol?

Mr. FRASER: I think so, but I forget whether it was one or two.

[Ottawa, Revolvers and Pistols—Auditor General.]

Mr. THOMPSON: And how many were supplied with the Canadian pistol?

Mr. FRASER: I do not recollect, I will have to look at the vouchers for that.

Sir CHARLES DAVIDSON: You might bring them to-morrow morning, and in the meantime you might secure a copy of this New York State document, if you can. It might be well to have it, so that we may contrast the prices and the pistols.

Mr. FRASER: If it is in Ottawa, I will try and get it.

Mr. THOMPSON: It may be important to know the number of magazines supplied with each pistol; they are comparatively expensive, I understand?

Mr. FRASER: I have a letter from Colt's stating that they did not supply these at the same rate as to the American Government or to the New York State Government, because they had developed a pistol especially with a view to creating large orders from the New York State Government or from the American Government, I forget which, and that they did not give us the same price as they gave them.

Sir CHARLES DAVIDSON: You might bring that letter also.

Mr. FRASER: Yes, that is on file in the Militia Department.

Sir CHARLES DAVIDSON: You might bring anything you have in connection with this.

Mr. FRASER: I might state that I was not aware that a meeting of the Commission would be held this afternoon, and on my return to my office after luncheon, being notified, I tried to get the correspondence and the papers, but, unfortunately, the man in charge is laid up with grippe like so many other people in Ottawa, and I had to give the matter in charge to another official who did not know where to look for these papers. However, I will have them here in the morning.

Sir CHARLES DAVIDSON: Then, we will hear you at eleven o'clock in the morning.

The witness retired.

CLIFTON H. CARLISLE, manager of the Goodyear Tire and Rubber Company of Canada, of the City of Toronto, sworn:

Mr. THOMPSON: You will recollect, sir, that there was some question about the tires on motor trucks, and in his evidence Mr. Russell spoke about the fluctuation in the rubber market, accounting for the variation in the price of tires. I will examine Mr. Carlisle as to the price of rubber.

By Mr. Thompson, K.C.:

Q. Can you tell me the price of rubber from August, 1914, down to March, 1915? First, give me the New York quotations, and then give me the price which your company paid for rubber, because that may be a matter of importance?—A. I have with me the New York quotations and also the quotations on the London market, covering that period. I keep the rubber prices from year to year, and have a record of New York prices from 1910 to the present time. I can give you these prices as I have them here.

Q. What variation do you find in the prices of rubber between the dates I have mentioned?—A. On August 10, 1914, the question for first latex crepe, delivered in Canada, shipped from London, was 53 cents per pound. The highest price during the month was 63½ cents, which was the price quoted on August 20, 1914.

Q. Can you give them in tabulated form?—A. Yes.

Date.	Rubben.	Low.	High.
Aug. 10, 1914—Latex crepe.	53	63½
Aug. 1914—Smoked sheets.	53	64½
Sept. 1914—Latex crepe.	52	57
Sept. 1914—Smoked sheets.	55	60½
Oct. 1914—Latex crepe.	54	60

[Ottawa, Motor Trucks—Carlisle.]

Q. I gather that you did not agree with that from what you said before—you appear to think that with less twist in the yarn you could get better results?—A. Yes, in goods that are fulled; that applies to goods that are fulled.

Q. And these goods are fulled?—A. Yes, these goods are fulled.

Q. You say that short fibre wool does not necessarily mean inferior quality; does it usually mean inferior quality?—A. No, because your finer wools are short. The finer you go in grade the shorter you go in staple. The highest-priced wools on the market are short staple fine wools.

Q. Let us confine ourselves to the wool supplied for the purposes of this cloth; does short fibre wool usually mean less tensile strength?—A. Not necessarily. Short fibre wools will aid you in your fulling. The main object to consider in a cloth like this is getting something that will felt.

Q. You say that shoddy is not necessarily inferior in quality; is it usually inferior in quality?—A. Yes, as compared with new wool. I think I said that it did not come to the value of new wool.

Q. The cloth produced from shoddy, is that usually inferior?—A. Cloth produced containing some shoddy, is not necessarily inferior.

Q. Not necessarily, but is it usually inferior?—A. It usually is.

Q. But you would not say that regarding cloth produced from short fibre wool?—A. No.

Q. I take it from the questions asked by Mr. O'Connell that your evidence shows that 50 per cent shoddy and 50 per cent new wool was used in manufacturing samples 5, 6, 7 and 8?

Mr. O'CONNELL: He said it would not be improper to use them.

Mr. HUTCHESON: I do not appreciate the force of the questions unless there was evidence that such had been used.

Sir CHARLES DAVIDSON: We had evidence that the proportions were 60 and 40.

Mr. O'CONNELL: If it is proper to use 50 and 50, it must be necessarily proper to use 60 and 40.

By Mr. O'Connell:

Q. Look at samples 5, 6, 7 and 8, and tell us if in your opinion they are equal to sample No. 33 in quality?—A. What is your question.

Q. Is No. 5 sample equal in quality to sample No. 33?—A. In what respect? It is a pretty broad question when you say "in quality". That is a hard thing to determine.

Q. I mean in durability, and weight, and so on?—A. I should say yes. Sample No. 5 is better covered than sample No. 33; it is more compact; it seems to have more felting.

Q. Have you anything to say as to the difference between sample No. 5 and sample No. 33?—A. No, I think that would be the only difference I could detect.

Q. What do you say as to sample No. 6?—A. There is more cover and more felting and it feels heavier than sample No. 33.

Q. Is it as good in durability and in weight?—A. I think it is a good delivery.

Q. What does that mean?—A. It is reasonably close to the sample, and would be accepted.

Q. What do you say as to sample No. 7?—A. They are all the same; this is the same in fullness as 5 and 6; it also feels heavier than sample No. 33.

Q. And as to sample No. 8?—A. Sample No. 8 is more fulled and has more cover than sample No. 33, and is fully as heavy.

Q. Could any expert tell the quantity of shoddy by looking at these samples and feeling them?—A. No, he could not tell whether there is any shoddy in there or not, that is, samples 5, 6, 7 and 8, and feel sure of it.

By Mr. Hutcheson:

Q. Could any expert tell the tensile strength by merely looking at it?—A. No, he could test by the handling only, whether it is felted or not. The only way you could tell that is by the thumb test.

Sir CHARLES DAVIDSON: Is there anything further, Mr. Hutcheson?

Mr. HUTCHISON: Nothing further, my lord.

The Commission then adjourned.

ROYAL COMMISSION

EVIDENCE

RE

SALE OF SMALL ARMS AMMUNITION

COMMISSIONER:

The Honourable Sir CHARLES DAVIDSON, Knight.

SECRETARY:

THOS. P. OWENS, Esq.



OTTAWA

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1916



ROYAL COMMISSION.

OTTAWA, Saturday, May 13, 1916.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the sale, or disposal, by the Government, of Small Arms Ammunition since the 4th of August, 1914, referred to in returns made to the House of Commons on the first and second May, 1916.

Met to-day at Ottawa.

PRESENT:

THE HON. SIR CHARLES DAVIDSON, Knight,
Commissioner.

JOHN THOMPSON, K.C.,

As Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS,

Clerk of the Commission.

The following certified copy of a Report of the Committee of the Privy Council, approved by His Royal Highness the Governor General on the 9th May, 1916, was read by Captain Thompson:—

The Committee of the Privy Council have had before them a report, dated 8th May, 1916, from the Minister of Justice, submitting,—with reference to the Commission of 2nd June, 1915, issued to the Honourable Sir Charles Peers Davidson to investigate the purchase of arms and munitions, etc., and the expenditure and payments therefor,—that it is deemed desirable to extend the powers of the Commissioner so as to enable him to inquire into and investigate the facts and circumstances of or connected with the sale or disposal by Your Royal Highness's Government of small arms munitions since 4th August, 1914, referred to in returns made to the House of Commons on the 1st and 2nd May, 1916.

The Minister therefore recommends that Your Royal Highness cause inquiry to be made pursuant to Part 1 of the *Inquiries Act*, Revised Statutes of Canada, 1906, Chapter 104, concerning the aforesaid transactions, and that a supplementary commission be issued in the case conferring and charging upon the Commissioner all the powers and duties for the inquiry aforesaid which the Commissioner has under and by virtue of the aforesaid Commission of 2nd June, 1915.

The Committee concur in the foregoing recommendation and submit the same for approval.

RODOLPHE BOUDREAU,

Clerk of the Privy Council.

Capt. THOMPSON: The matter before the Commission, this morning, Sir, is the sale of small arms ammunition. Taking up the return, I find during the years 1914, 1915 and 1916, quite a number of sales and apparently most of them were in what one might call the usual course of the administration of the Department.

Sir CHARLES DAVIDSON: Routine?

Capt. THOMPSON: Routine—sales to rifle clubs, with the exception of one sale to the Savage Arms Company. I shall not read the correspondence as it refers to a comparatively small amount and it does not appear to be worth while pursuing an investigation into that matter.

Sir CHARLES DAVIDSON: There was another sale to the Northwest Mounted Police which would be almost a matter of routine.

Captain THOMPSON: I presume so. The important matter is the sale to Vickers, Limited, of London, and that is the part of the return I propose to take up this morning.

Sir CHARLES DAVIDSON: How much was sold to them?

Captain THOMPSON: 2,986,100 rounds, or about 3,000,000 rounds.

Sir CHARLES DAVIDSON: For which \$63,496 was received.

Captain THOMPSON: It appears from the correspondence that the arrangements were made between Colonel J. Wesley Allison and General Macdonald. I am reading from the letter of September 8, 1915.

Sir CHARLES DAVIDSON: It might be suggested, Captain Thompson, that you file, for the purpose of this record, the return made in Parliament to some inquiry.

Captain THOMPSON: I suppose I could get a copy.

Sir CHARLES DAVIDSON: You have a copy; that possibly would do later.

Captain THOMPSON: Yes. I am not able to file the original return.

Sir CHARLES DAVIDSON: You can file a copy.

Captain THOMPSON: I am reading from a copy of a letter dated September 8, 1915, and addressed to General D. A. Macdonald:

"September 8, 1915.

General D. A. MACDONALD,
Quartermaster General,
Ottawa, Canada.

My DEAR GENERAL,—Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to—

G. A. SEARLES,

Vickers House,
Broadway,

Westminster, London,

at the earliest possible moment.

I have cabled asking authority to pay you from their account here for the above cartridges. Therefore, kindly send me your bill and I will see that it is paid.

Faithfully yours,

J. WESLEY ALLISON.

The next letter I will read at the present moment is a letter dated the 6th October, 1915, written to General D. A. Macdonald, Quartermaster General, and which is as follows:

HOTEL MANHATTAN,

MADISON AVE., NEW YORK, October 6, 1915.

Confidential.

General D. A. MACDONALD,
Quartermaster General,
Ottawa, Ontario, Canada.

DEAR GENERAL MACDONALD,—I have just received instructions from London requesting me to order from you an additional 750,310 .303 Mark VI cartridges, to be shipped to the same address as referred to in my letter of September 8. They have asked if you would permit them to deposit the amount of the purchase price to the credit of the Canadian Militia Department in London, at the Bank of Montreal there.

Thanking you for a reply, and with kind personal regards, I am,

Yours very truly

J. WESLEY ALLISON.

Minister says issue.

D. A. MACDONALD.

8th October, 1915.

I read these two letters because one of them refers to the arrangement being made with the Quartermaster General and the other bears the O.K. of the Minister.

Sir CHARLES DAVIDSON: You did not read the third one with respect to the 2,000,000 rounds.

Captain THOMPSON: I was going to read that after. I am just laying the foundation for the examination of the Minister at the present moment as he approved of the sale. That is the reason for calling him at the present moment. I will read that letter later, sir.

Major General Sir Sam HUGHES, Minister of Militia and Defence, affirmed.

By Captain Thompson:

Q. Is it correct, General Hughes, that Mr. Allison made the arrangement with General Macdonald?—A. No, the primary arrangement was made long before that with a member of the Vickers firm who was out on a special mission and who spoke to me. Some one informed him that there was some defective ammunition. Some time considerably previous to this, a member of the Vickers firm, speaking of the scarcity of ammunition, had suggested that everyone knew that we had a lot of defective Mark VI ammunition on hand, and he suggested that this might be of use for machine gun practice, and thus release our good Mark VII ammunition in England for the front.

Q. Was that suggested to you?—A. That was suggested to me long before—

Q. Long before September 8?—A. In the early spring of 1915. I said I knew nothing about that, that it was in the Quartermaster General's Department and that if they would have their Canadian agent see the Quartermaster General he would make any arrangement necessary as the disposition of all defective stores was in his hands entirely.

Sir SAM HUGHES.

Q. Nothing further was done until September 1915?—A. I never heard of it again except a casual mention one day and I again referred the officer to the Quartermaster General.

Q. The first reference would be in February 1915?—A. I think it was April.

Q. April 1915?—A. Yes, along there.

Q. I notice by the Barlow report that there was a recommendation that ammunition—

Sir CHARLES DAVIDSON: Who is Barlow?

The WITNESS: Perhaps you would allow me to explain. When I became Minister—in fact long before I became Minister—we knew that the ammunition made in the Canadian Arsenal was bad. We had always had accidents at our rifle matches then as the bullets were not the same size as the cartridge cases, the cartridges were badly made, the caps were badly fixed, and blow-backs and cracks in the cartridge cases were very common. As soon as I became Minister, it was decided, in consultation with the Prime Minister, to have a Commission, a board of experts, to look into the work of the Arsenal. We felt that if we were making ammunition at all, it should be properly made so that if we came to face the music at any time we would have the best ammunition available. Accordingly, as I have said, after consultation with the Prime Minister, I requested the War Office to send out two of their very best experts. They sent out Colonel Sir H. W. W. Barlow and Major Ogilvie from Woolwich Arsenal. That was in 1913, if I remember aright—I would not be sure of the exact time. They went into the matter very thoroughly and made a very exhaustive report.

Sir CHARLES DAVIDSON: What date?

The WITNESS: 1913. They went into it and made a very exhaustive report.

Capt. THOMPSON: They left England on the 23rd May.

The WITNESS: They came on the 23rd May. In a very exhaustive report they pointed out that the machinery was not tuned up and that the ammunition was bad. They condemned all the ammunition made before a certain date—I think before 1908. They condemned 12,000,000 rounds to be destroyed, not to be used under any condition.

Sir CHARLES DAVIDSON: It is a very voluminous report.

The WITNESS: Yes, I know.

Sir CHARLES DAVIDSON: I think the report is returned to Parliament. I would like you, if you could without inconvenience, refer to the pages.

The WITNESS: I have not read it. I read it before, but I have not read it since, and I am speaking from memory. Twelve million rounds were there that we had in store during these years. That manufactured prior to 1908, if I remember correctly, was ordered not to be fired under any condition, but to be destroyed. Then, the balance of it, up to 1913, was condemned as defective, inasmuch as it would blow back and cause explosions and that sort of thing. I decided later on not to destroy this ammunition. I thought we could save this and make \$300,000 or \$400,000—save the bullets and powder; in other words, take it to pieces and possibly melt up the brass and make use of it. The matter was left in abeyance. In the meantime, knowing it was bad, we had tried to make the ammunition manufactured in 1910, 1911, and 1912 suitable for firing by what we call ringing; that is, putting the cartridge into a little gauge and stamping around the cap at the base of the bullet so as to compress the base of the cartridge case more tightly around the cap, and thus prevent the danger of blowing out around it. But it was bad in practice, that is, there was as much danger as safety, because, unless we happened to hit it exactly right, it left a larger gap for the powder to blow out of. This was ammunition condemned, or ammunition lying under suspicion, and, under the rules of the department, the Quartermaster General had authority to dispose of it. That is all I know

Sir SAM HUGHES.

about it. When Colonel Allison, who, I believe, is Vickers' agent in New York, came to me, having seen General Macdonald, I told him to go back to General Macdonald and see him about it. This ammunition could not possibly be fired in Canada. I would not allow a soldier to fire it, or to take it into action unless he had nothing else to fire, and if we could make a few hundred thousand dollars out of this ammunition, by disposing of it for machine gun practice, why, so much the better for Canada; it would release a lot of good ammunition at the front. There is the sum and substance of the thing. I heard from some source or other that this ammunition was resold at \$20 to the Vickers' firm. I heard that the Vickers' firm had added some costs to that and had disposed of it to the Admiralty for machine gun practice. When I was over in England I made inquiries, and I found that all they had to do with the transaction was that, thinking they were being charged the freight and other costs, they had added on freight, insurance and exchange, which they had estimated themselves at about one pound sterling, but finding that the Admiralty was paying these costs, they had removed the addition at once, and there was nothing allowed for freight charges as these had been paid by the British Government.

By Capt. Thompson:

Q. Is the report you speak of made by Sir H. W. W. Barlow?—A. Colonel Barlow and Major Ogilvie.

Q. At page 46 of the report of Col. Barlow and Major Ogilvie, I find the following:—

"In view of these results, and of the improvement in annealing which was effected about February '08, we recommend that the following action be taken with regard to this ammunition.

"Ammunition subsequent to Feb. '08 to be ringed, visually examined for ringing and for external scores, and for elimination of the old e.g. (07) cases, and subject to firing proof before re-issue. For each lot of 200,000 rounds, 1,000 rounds should be taken for proof, if a burst occurs a second proof of 1,000 should be taken of the lot in question and also of the lot immediately preceding and the one immediately following. We do not think that ammunition manufactured in and prior to Feb. '08 is likely to be rendered serviceable even after ringing on account of the uncertain annealing and its liability to bursts, and we are of opinion that the ammunition should be broken up, the cases might be used for blank and a certain saving thereby effected."

I presume that is what you were referring to?—A. That is right. There is another place where it also says that the ringing was not efficient. There is also a suggestion in the report that if we want to use that ammunition it should be used for machine gun purposes only.

Q. That is prior to that?—A. I have not read the report for years.

Q. At page 36 it states, under the heading of "As to Small Arm Ammunition," General Macdonald having pointed out that ringing was not satisfactory:—

"We do not recommend the continuance of ringing on new ammunition. We regard the ringing as a satisfactory method of checking the blowbacks to which Dominion Arsenal, .303 cartridges have in the past been peculiarly liable. Cases recently manufactured—with cap chamber better formed and freer from scores, etc.,—do not require ringing, and we do not consider that in 0.303 cases of future manufacture any necessity should arise for this treatment—which should be regarded only as a means of overcoming the evils of defective manufacture.

"Some 40,000 to 50,000 cartridges have been rejected on examination after ringing."

Sir SAM HUGHES.

This is what you refer to, I presume, Sir:—

“We would suggest that these be visually examined for elimination of scored cases, etc., and used for machine gun practice only.”

That refers to the lot subsequent to 1908?—A. All ammunition manufactured subsequent to 1908, or previous to 1908, was condemned as defective.

Q. Prior to 1908?—A. Prior to 1908, it was condemned to be destroyed, but after 1908, it might be used by ringing it and even then it was condemned.

Q. Then I notice by the cash debit voucher, or shipping advice, that 750,000 Mark VI, 1912, were shipped, and by another cash debit voucher, that 236,000 rounds of Mark VI, 1912, ringed, were shipped?—A. That was also condemned ammunition before it was ringed and condemned after it was ringed.

Q. There is another cash debit voucher showing that 1,999,800 rounds of Mark VI, manufactured in 1906 and 1907, were shipped: That would be condemned ammunition?—A. Condemned to be destroyed.

Q. Recommended to be broken up?—A. Yes.

Q. That would leave approximately 1,000,000 rounds in the doubtful class?—A. Merely condemned as defective.

Q. Yes, made subsequent to 1908?—A. Subsequent to 1908.

Q. Had you any reports or complaints from various sources in Canada as to the ammunition subsequent to 1908?—A. We knew it was no good ourselves, and that report of Col. Barlow bears that out. Col. Barlow's report condemns it as defective and orders it to be ringed, but ringing made it no good or did not improve it any. Apart from his report, our rifle associations all condemned it. I have had blowbacks myself. There would be hardly a package but that there would be one or two blowbacks in.

Q. Was any of this ammunition, made subsequent to 1908, used at Valcartier?—A. Yes, but in Mark III rifles. We would not allow them to use it with the Mark II rifles.

Q. What was the result?—A. It was bad. They were all new fellows who were not accustomed to the use of the rifle, and if one were not very particular he might get his hand burned or his face blackened.

Q. Was it less likely to blow back in Mark III?—A. In Mark III. Mark III is a very much heavier rifle and there is much less danger from a blow-back or an exploded cartridge. It is a much stronger rifle, fully 60 to 80 per cent stronger than Mark II, and 90 per cent stronger than the Lee-Enfield.

Sir CHARLES DAVIDSON: Explain what is meant by “Mark.”

The WITNESS: Mark II Ross rifle is the name given to the second issue of the Ross rifle. It was the old rifle with a 28-inch barrel and not so heavy in the weight of steel.

Sir CHARLES DAVIDSON: The word “Mark” means the issue?

The WITNESS: Means the particular issue.

Sir CHARLES DAVIDSON: Mark VI is the sixth issue?

The WITNESS: Mark III is the new issue of the Ross rifle, the latest issue of it, a very heavy rifle easily capable of standing almost any power. I do not want to go into details of this sort, but I may say that cartridges detonate and nobody can define the difference between an explosion and a detonation except that one is much more abrupt than the other. We have had but one instance, I understand, in which any detonation has affected the Mark III Ross rifle. There is not enough power in the cartridge, if it does detonate, to injure Mark III, in Mark II it might possibly do it, but in the Lee-Enfield it would smash the rifle to smithereens. In 1914 I forbade the use of this Mark VI defective ammunition in any rifle but the Mark III Ross rifle, a very powerful rifle.

Sir CHARLES DAVIDSON: You might put on record what is meant by -303.

Sir SAM HUGHES.

THE WITNESS: That is the calibre of the rifle; .303 of an inch is the calibre of the rifle and it is the same as that of the British rifle.

SIR CHARLES DAVIDSON: That refers to the diameter of the cartridge?—

THE WITNESS: That refers to the diameter of the barrel—the hole in the barrel. The cartridge runs up much higher because there is a compression of the bullet as it passes out.

CAPT. THOMPSON: I notice at page 33 of the return that Col. Macdonald says: "Would it not be preferable——"

SIR CHARLES DAVIDSON: Who is Col. Macdonald? The Macdonalds are a fighting family and there is quite a number of them.

THE WITNESS: Yes. We knew before the Barlow Commission came out, just as we

By Capt. Thompson:

Q. Col. Macdonald says:

"Would it not be preferable to have all this condemned ammunition destroyed by drowning or otherwise?"

A. I ordered it to be held up. What date was that?

Q. 1914.—A. What date in 1914?

Q. July.—A. Yes, before the war. Things were getting warm across the Atlantic and I ordered the ammunition to be held up and not to be destroyed.

Q. I presume that you noticed also that the following memorandum was made by Col. Gwatkin:

"With reference to folio 122, the situation has changed since the word 'destroy' was written; and the order (unless repeated) should not be carried out."

A. I had given orders before I left, not only to General Macdonald but to everyone on the Militia Council, that all this Mark VI ammunition should be held and not destroyed. These were the directions I gave before I left for England.

Q. That was in November, 1914?—A. I went off in the first week of October, but previous to going, I directed the officers of the Militia Council to hold back Mark VI ammunition, not because we had not enough Mark VII for any raid that might be made on our shores. But on my return in the latter part of November I ordered that no Mark VI ammunition should be used under any consideration—that is this defective Mark VI.

Q. In the course of time was the reserve increased or decreased?—A. We have no more Mark VI. We have quite changed our arsenal and we are making no more Mark VI. We are making Mark VII now and the difference is this: Mark VI is just a round nosed bullet filled with lead while Mark VII has an aluminum tip to make it light and the rest is filled with lead. It is a more expensive bullet. We issue no more Mark VI; Mark VII is being used entirely, and General Macdonald assured me that there was an ample store of Mark VII for all purposes no matter who might come.

Q. Had the total reserve increased or decreased?—A. Increased. General Macdonald reported from time to time that the supply had increased and that he had an ample store.

Q. I notice by the return that there was an offer made by the Ross Rifle Company?—A. All I know about that is what General Macdonald told me. All I remember about that is that the Deputy reminded me about the matter. I have no recollection of it, whether it was he who spoke to me or whether it was General Macdonald who asked me about selling this same ammunition at \$10.

Q. Was that the ammunition made prior to 1908?—A. I do not know anything about it; it was just condemned ammunition. While the Barlow report classifies them that way.

SIR SAM HUGHES.

SIR CHARLES DAVIDSON: How?

THE WITNESS: It makes two classes. That made previous to 1908 was to be destroyed; that made subsequent to 1908 was defective and would have to be used only for machine gun purposes.

SIR CHARLES DAVIDSON: I notice in the report another expression used—"under suspicion."

THE WITNESS: That means defective.

SIR CHARLES DAVIDSON: You assimilate the two expressions?

THE WITNESS: Yes. We knew before the Barlow Commission came out, just as we knew after the Barlow Commission went home, that the ammunition was dangerous. But the Barlow Commission merely confirmed our knowledge in regard to that.

By Captain Thompson:

Q. You made certain suggestions as to the arrangement of the factory apparently?

~A. The factory was rearranged and the machines were all tuned up after that. Col. Lafferty got the thing in order, our ammunition has been absolutely perfect on the firing line and everywhere else that we have used it. The ammunition that is being turned out of the Dominion Arsenal to-day is regarded at the front as being the most perfect that is being used there.

Q. Early in 1915 I think that you said an agent of the Vickers Company spoke to you?—A. A member of the firm. They were speaking of making ammunition in Canada, in their own works in Montreal. They named a price in casual terms and I said it was a matter that required consideration with the British Government. They told me when I was over in the fall that they would not want any ammunition, that they could make all they wanted themselves, that, in fact, they could do that and supply us. I could not go into the details about ammunition because I had not time to bother with it. Then, the question having come up it was understood that we had some defective ammunition that would be suitable for machine gun purposes.

Q. Had he asked you if you had it?—A. I think it came up incidentally. I told him to go and see General Macdonald; I did not know anything about it; it is his business anyway, not mine.

Q. Did you have any further correspondence or conversation with him?—A. No. I think that their Montreal agent spoke to me, but he said it was about the new ammunition. He spoke to me but he does not remember speaking to me about this at all. The next time the matter came up was when General Macdonald got the order from Col. Allison a month later. I might point out that the reason I ordered Mark VI to be sold on my return from England was that it had been found that there was a lot of defective ammunition, Mark VI, of no use whatever at the front, and that during practice at Valcartier they had had some very dangerous experiences, even with the Mark III rifle, in the use of this Mark VI ammunition. Some of the boys had it pretty warm; several explosions took place, blowing blazes back around the boys' heads, and the ammunition had come to be regarded as more or less dangerous.

SIR CHARLES DAVIDSON: Mark VI?

THE WITNESS: Mark VI.

SIR CHARLES DAVIDSON: In what year?

THE WITNESS: In 1914. We used this in practice with rifle Mark III. It was dangerous with rifle Mark III, but it was infinitely more dangerous with rifle Mark II and much more dangerous still with the Lee-Enfield.

By Capt. Thompson:

Q. When you had this conversation with the agent of Vickers, did he offer to buy ammunition?—A. I do not think the question of buying came up; I think he asked if

Sir SAM HUGHES.

we had any. I do not think the conversation took a quarter of a minute; it was just a casual conversation.

Q. In connection with the manufacture of small arms?—A. No, the British Government told me they could furnish me with all the ammunition we wanted.

Q. You told him that?—A. Yes. They told me they could furnish an abundance of ammunition by the middle of February. I knew they could not do it, but still I was not managing it, so said nothing.

Q. The agent of Vickers-Maxim knew that you had certain defective ammunition on hand?—A. I presume so. Everybody in the ammunition world knew it.

Sir CHARLES DAVIDSON: Have you covered the whole transaction?

Capt. THOMPSON: I did not read the letter referring to the other sale but it is all covered by this transaction.

The witness retired.

General D. A. MACDONALD, Quartermaster General, sworn.

By Capt. Thompson:

Q. Col. Allison, in his letter of September 8, 1915, says:—

General D. A. MACDONALD,
Quartermaster General,

OTTAWA, Canada.

MY DEAR GENERAL,—Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to:

“G. A. Searles,

“Vickers House,

“Broadway,

“Westminster, London.”

Do you recall the first occasion on which you met Col. Allison in reference to the sale of this ammunition?—A. It would have been some time prior to that letter. I have no definite or clear recollection of what passed between us at the time except that he had come to me from the Minister in connection with obtaining some of this ammunition and which I think that letter has reference to. What passed between us then would not have amounted to anything because the time for action had not yet come.

Q. Do you know approximately how long it was before the date of that letter that the interview took place?—A. It would not be very long.

Q. Did you fix the price?—A. —

Sir CHARLES DAVIDSON: In what quality did he come?

The WITNESS: He did not say for whom he was acting except that he had come from the minister to me. I did not know really whom he was representing until afterwards.

By Capt. Thompson:

Q. Did you think he was buying it personally?—A. I thought, from a hint that he indirectly gave me, that this ammunition was being purchased for the use of the Imperial people, and in making a sale, I felt that, if it were required for a purpose of that kind, we were doing rather a good turn to these people overseas as well as getting a return ourselves for what was defective ammunition.

Q. He did not tell you where it was to be shipped?—A. No, not then.

Q. Did you fix the price then?—A. We fixed the price upon receipt of that last letter.

Q. September 8?—A. September 8. The Director General of Clothing and Equipment, who had charge of the ammunition and the distribution of it, and myself discussed the matter and \$20 a thousand rounds was the price that was charged usually in selling ammunition.

Q. Is that full price or half price?—A. That was the highest price we sold it for.

Q. I notice in your report that the words "half price" occur occasionally?—A. Later on that was recommended but at this time it had not been dealt with.

Q. Was the quantity discussed?—A. No, he asked at first for 236,000 rounds.

Q. Was that the full amount he asked for, or was that the amount you would be willing to sell him?—A. That was the amount, as far as I remember, that he asked for at the time himself.

Q. Why the broken lot?—A. I do not know, I am sure. Very likely I thought that he required it for some experimental purposes.

Sir CHARLES DAVIDSON: How many are there in a case?

The WITNESS: Seven in a package.

Sir CHARLES DAVIDSON: But in a case?

The WITNESS: 1,000 or 1,100 rounds.

By Capt. Thompson:

Q. Would 236,000 refer to that exact number of cases or packages?—A. Yes to that number of cases of 1,100 rounds.

Q. Colonel Allison, in his letter of September 8 says:

Referring to my arrangements with you some time ago for the purchase of 236-000 303 Mark VI cartridges for Sir Trevor Dawson—

Did he mention Sir Trevor Dawson in that interview?—A. No, he did not. In that interview I did not hear him mention his name directly to me. Whether his name came in or not, he gave the instructions as to the shipping and where it was to be consigned.

Q. Did you tell him that it was defective ammunition you were selling?—A. I do not know that he asked me the question. He knew that himself—all Mark VI. He asked for Mark VI ammunition and we gave it to him.

Q. What had you been receiving for this Mark VI ammunition?—A. We had not been selling any for some time, but what we sold for Rifle Associations, cadet units, and so on, was at \$20 per thousand.

Sir CHARLES DAVIDSON: And you sold to the North West Mounted Police?

The WITNESS: To the North West Mounted Police.

Sir CHARLES DAVIDSON: At the same price?

The WITNESS: The same price.

Sir CHARLES DAVIDSON: How much to the Northwest Mounted Police?

The WITNESS: 500,000 rounds.

Sir CHARLES DAVIDSON: Of this defective ammunition? Why should you sell it to them?

The WITNESS: They asked for it, I do not know for what purpose.

By Capt. Thompson:

Q. I see in the return, at page 29, a memorandum signed by you:

"Price of .303 ball cartridges of old manufacture. In future, issues on payment by the Canadian Ordnance Corps, of .303 ball cartridges of over five years' manufacture will be made at half price, viz., \$10 (Ten dollars) per thousand rounds."

General D. A. MACDONALD.

A. Yes; we have never had the opportunity of acting upon that.

Q. You suggested that it be sold at half price, or \$10 per thousand?—A. \$10 per thousand.

Q. There is a letter about that from Col. Macdonald dated 15th September, 1912?—A. This would possibly have been upon the recommendation or finding of the Council. I could not give any instructions like that.

Q. The letter is as follows:—

"Price of .303 Ball Cartridges of old manufacture. In future, issues on payment by the Canadian Ordnance Corps of .303 ball cartridges of over five years' manufacture will be made at half price, viz., \$10 (Ten dollars) per thousand rounds.

(H.Q. 62-2-31).

B. A. MACDONALD.

H. K. B.,

A.A.G. (1)"

15-12-1.

Sir CHARLES DAVIDSON: Did I understand him to say that this was founded on an Order in Council or an order of the Militia Council?

The WITNESS: The Militia Council.

Capt. THOMPSON: Apparently this memorandum appears in Militia Order 592/11.

Sir CHARLES DAVIDSON: Where is the Militia Order?

The WITNESS: We have not got it here, but I will telephone down for it.

It was directed by Sir Charles Davidson that the Militia Order should be here inserted in the record. It is as follows:—

No. 592.—Price of .303 Ball Cartridges of Old Manufacture.

"In future, issues on payment by the Canadian Ordnance Corps, of .303 ball cartridges of over five years' manufacture will be made at half price, viz., \$10 (ten dollars) per thousand rounds.

(H.Q. 62-2-31.)"

By Capt. Thompson:

Q. As a matter of curiosity, what ammunition had you sold to the Mounted Police—over five years old?—A. I could not answer you off hand.

Q. I wondered why you charged the extra \$10 per thousand?—A. The Director General of Clothing and Equipment would be better able to give you the information than I could as he carried on the deals there. I do not know whether the ammunition has been paid for yet or not.

Sir CHARLES DAVIDSON: Having reference to the order to sell at \$10, did this apply to any person as a possible purchaser?

The WITNESS: No, it applied usually to the service of the militia.

Sir CHARLES DAVIDSON: To the public?

The WITNESS: The public were not entitled to buy except under special conditions.

By Capt Thompson:

Q. That is the meaning of that reference to the Canadian Ordnance Corps?—A. Yes.

Sir CHARLES DAVIDSON: It is involved a little.

The WITNESS: Yes.

7131—1534

General D. A. MACDONALD.

Sir CHARLES DAVIDSON: I understand that to be sales by the Ordnance Department to other corps?

The WITNESS: We sell to rifle associations and cadet corps.

Sir CHARLES DAVIDSON: I understand this to be an authorization to the Ordnance Department to sell to other corps at \$10.

The WITNESS: That is for ordinary militia purposes.

Capt. THOMPSON: The reason I read that is that three years later, Mr. Craig, of the Ross Company, made an offer for some ammunition at what appears to be your own price and you were unwilling to sell.

Sir CHARLES DAVIDSON: Three years later?

Capt. THOMPSON: Three years later.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What is the date, and read it into the record because we have a mass of papers and it would be difficult to find it.

Captain Thompson.

"QUEBEC, Que., May 4, 1914.

"Colonel SAM HUGHES,
"Minister of Militia,
"Ottawa, Ont.

Referring to General Macdonald letter twenty-fifth February what largest quantity can you sell us up to forty millions at price mentioned.

"THOMAS CRAIG.

"M.G.O. Can you say?

2-5-14.

D. A. MACDONALD."

Colonel Benson makes the following memorandum:—

"Q.M.G.

"Re telegram from Mr. Craig, Ross Co'y. recommended that ten million rounds be sold composed of 1908-1909 manufacture leaving sufficient at Quebec to be ringed for use during 1914.

"2. The cost of delivery at point to be named by Mr. Craig to be borne by purchasers.

"3. Could you give me the approximate date on which this order could be delivered at Quebec?

"4. Ammunition of dates prior to 1908 has been condemned and must be destroyed or broken up.

(Sgd.) T. BENSON, Colonel,
Master-General of the Ordnance.

6-5-14."

Then Colonel Fiset, writing on the 18th of May, 1914, to the Manager of the Ross Rifle Company, Quebec, says:—

"OTTAWA, May 18, 1914.

The Manager,
Ross Rifle Coy.,
Quebec.

SIR,—With reference to your telegram to the Hon. the Minister, dated the 4th instant, I have the honour to inform you that ten million rounds of .303"

General D. A. MACDONALD.

ball ammunition of 1908 and 1909 manufacture are available for sale to your Company at \$12 (twelve dollars) per thousand rounds, plus 75 cents (seventy-five cents) per box for such packages as contain it, delivery to be taken by your representatives at Toronto, Montreal and Halifax in about equal proportions.

The price offered is conditional on your accepting the whole ten millions, as any smaller lot would be charged for at an increased price per thousand pounds.

Please inform me if you accept this offer in order that instructions may be sent to the Ordnance Officers concerned.

I have the honour to be, Sir,

Your obedient servant,

EUG. FISET, Colonel,

Deputy Minister.

(Sgd) D. A. MACDONALD.

(By D. M.)

As per Minister's authority."

"If this is proper price, O.K.

(Sgd) S. HUGHES."

On July 30, 1914, the Ross Company, replying to Colonel Fiset, writes as follows:—

"QUEBEC, July 30, 1914.

Colonel EUG. FISET, D.S.O.,

Deputy Minister,

Department of Militia and Defence,

Ottawa, Ont.

SIR,—Your letter of July 6th H.Q. "C" 1402, was duly received, but acknowledgment was delayed, owing to the writer's absence.

In view of the fact that we received a quotation from Ottawa under date of February 26th, of \$10 per 1,000 for 500,000 rounds of .303 ammunition, it will be impossible for us to avail ourselves of your quotation of May 18th, viz. \$12.75 per 1,000, which is \$2.75 per 1,000 in excess of the former offer.

We beg to remain, Sir,

Your obedient servants,

ROSS RIFLE COMPANY,

(Sgd) THOMAS CRAIG,

Secretary.

Then there is a note by General Macdonald as follows:—

"D.M.

Please see folio 60.

As the offer was not taken advantage of we were instructed to withdraw and re-ring. Please see folio 118.

(Sgd.) D. A. MACDONALD.

4-8-14."

There is a further memorandum by Colonel Fiset:—

"Q.M.G.

I suppose then there is no other action to be taken in view of company's refusal? If not P.A. file.

(Sgd) EUG. FISET, D.M.

6-8-14."

General D. A. MACDONALD.

Sir CHARLES DAVIDSON: What was the result?

The WITNESS: The Ross Rifle Company declined to buy the ammunition at \$12 per thousand.

Sir CHARLES DAVIDSON: Did they say what was their reason?

Capt. THOMPSON: Then there is another note by Colonel Fiset:—

“Q.M.G.

“Was a quotation given previous to my letter at 10?

EUG. FISET, *D.M.*”

Colonel Hallick makes the following note:—

“Spoke Q.M.G. 7/8 who says P.A.

W. HALLICK.”

That does not say whether there was any quotation or not.

Sir CHARLES DAVIDSON: He says “P.A.”?

Capt. THOMPSON: It means put away.

The WITNESS: The transaction was closed practically.

Capt. THOMPSON: At page 36 of my file there is a memorandum by General Macdonald as follows:—

“D.M.

“C.G.S.

“M.G.O.

“Under the existing circumstances, low stock of ammunition, do you not think it would be wiser to hold this ammunition until such time as the stock in depots is brought up to normal conditions?

“See folio 122 hereof.

“D. A. MACDONALD, Major-General,

“Quartermaster-General.

OTTAWA, 13-10-14.”

Sir CHARLES DAVIDSON: Who says this?

Capt. THOMPSON: General Macdonald, Quartermaster-General. That was in October, 1914. Following that General Fiset adds this note to the same memorandum on the 15th October, 1914:—

“Q.M.G.

“We should not dispose of one single round.

E. F.,

D.M.”

That is followed by a further memorandum of the 16th October, 1914, by Colonel Gwatkin, Chief of the General Staff, and which is as follows:—

“Q.M.G.

P.O.O.

5698 “With reference to folio 122, the situation has changed since the word “destroy” was written; and the order (unless repeated) should not be carried out.

W. GWATKIN, Colonel,

16-10-14.

Chief of the General Staff.”

Sir CHARLES DAVIDSON: That is the order for destruction by drowning?

General D. A. MACDONALD.

Capt. THOMPSON: Then Colonel Macdonald has the following note under date of the 18th October:—

“C.G.S.

“Note. Necessary action taken.

J. F. MACDONALD, Lt.-Col.,

18-10-14.

for Q.M.G.”

By Capt. Thompson:

Q. What suggestion was made as to the disposition of some of this ammunition in October, 1914? There is nothing to show to whom this was sold; that is as far as the file goes.—A. I might explain that that memorandum was written by myself at the time—

Sir CHARLES DAVIDSON: What memorandum?

The WITNESS: Directing that no further sales be made. It was understood that we should keep a minimum number of rounds of ammunition in store. The manufacture of Mark VII ammunition, the ammunition that is being used at the front, and which is absolutely good ammunition, was going on. But there was a certain minimum and that minimum had been kept up and increased. The sale of any ammunition ought to still leave us over and above the minimum number of rounds that had been settled upon by the Minister and Council.

Sir CHARLES DAVIDSON: And the reserve was a good many millions?

The WITNESS: Yes, sir.

By Capt. Thompson:

Q. I am reading these memoranda in order to ascertain whether they have reference to the destruction of the old ammunition?—A. Yes.

Q. Was there any reference to the proposed sale of that ammunition?—A. The memoranda have reference to that.

Q. They would, I presume, have reference to—?—A. The whole of the Mark VI practically.

Q. They would, I presume, have reference to Col. Macdonald's letter of the 6th October, 1914, in which he suggests that as they are short of room at the Arsenal the condemned ammunition should be destroyed by drowning, or otherwise?—A. That is what led up to it.

Q. I wanted to clear it up so as to have it on the record.—A. Yes, that is right.

Q. Is the ammunition, with the exception of the 1912 lot, which amounted to about 1,000,000 rounds, which was sold to the Vickers of London, through Mr. Allison, about 2,000,000 rounds, in the class which the Barlow report recommended to be destroyed?—A. Yes, within a fraction of 2,000,000 rounds.

Q. Could there be any chance that the 1912 ammunition was shipped over and marked in this cash debit voucher as 1906 and 1907 ammunition?—A. I do not think so.

Sir CHARLES DAVIDSON: Am I to understand that the whole of these three sales consisted of Mark VI ammunition of a date previous to 1908?

The WITNESS: No, there were about 1,000,000 rounds of 1912-13.

By Capt. Thompson:

Q. All of Mark VI?—A. Yes, all of Mark VI.

Q. 2,000,000 rounds was condemned?—A. Yes.

Q. The 1,999,800 rounds shipped from Quebec some time in November, 1915, was all of a make of the date mentioned between 1908 and 1907? There can be no doubt about that?—A. I believe there can be no doubt about that.

General D. A. MACDONALD.

Q. And that would be in the condemned class?—A. Yes.

Q. Who is General Elliot?—A. Master-General of the Ordnance.

Q. I notice that some two or three years ago he recommended that this doubtful ammunition should be disposed of, but that it should be disposed of in the order of age, the oldest being sold first?—A. Yes.

Q. Apparently, in the sale to Vickers, there were about 2,000,000 rounds of the old vintage, but a little quite fresh, although all Mark VI?—A. It was all Mark VI.

Q. But there is a big gap apparently between the 1906-1907 issue and the 1912 issue; do you know whether they had, in the Arsenal at Quebec, any made prior to 1906?—A. I do not know. That would be a matter of record that we would have to look up. I fancy they would have as it was the depot where we kept the bulk of our ammunition.

Q. While 2,000,000 rounds of that make were shipped, there were 1,000,000 rounds of a comparatively recent date?—A. Yes.

Q. I was wondering whether General Elliot's suggestion had been carried out in reference to that?—A. What date did you say that was?

Q. On the 24th October, 1911?—A. That was prior to the Barlow report. I do not think any action was ever taken upon that. It was simply a recommendation.

Q. I was just wondering, whether, following that suggestion or following the general knowledge that ammunition does deteriorate, the oldest stock was sold first? A. We might not have had an opportunity of selling a round. We have been selling it to the militia as we were asked for it but that would mean a very small percentage of our sales.

Q. The memorandum of General Elliot was written in 1911 and it had reference to ammunition over five years old which he said is liable to deteriorate?—A. That is right.

Q. The memorandum is as follows:—

"The Master-General of the Ordnance makes the following submission for approval of the Minister in Militia Council:—

"Small arm ball ammunition over 5 years old should be sold at half price.

"This will obviate the possibility of this ammunition having to be destroyed owing to age and consequent deterioration, will ensure a proper turn-over which is not the case at present, and will probably be appreciated by Rifle Association and Cadet Corps."

A. That was really intended for the Militia. It had no reference to the sale to the public.

Sir CHARLES DAVIDSON: How was it that rifle associations could use this ammunition?

The WITNESS: There was nothing else to use. It was before the manufacture of Mark VII. It was all the ammunition we had.

Sir CHARLES DAVIDSON: As a matter of fact, since the beginning of the war, you did not, under any circumstances, issue to the overseas forces any Mark VI?

The WITNESS: We do not now issue Mark VI to anybody.

Sir CHARLES DAVIDSON: How long has that rule lasted?

The WITNESS: That rule has only come within a month or two, or three, embracing everything.

Sir CHARLES DAVIDSON: And previous to that?

The WITNESS: Previous to that it was barred up to 1908.

Sir CHARLES DAVIDSON: When did it become Mark VII?

The WITNESS: I do not remember that.

General D. A. MACDONALD.

By Capt. Thompson:

Q. Some Mark VI was used at Valcartier?—A. Yes.

Q. Do you remember when the forces stopped using it in Canada?—A. I do not remember that.

Q. I might continue reading this memorandum:—

MILITIA HEADQUARTERS,

OTTAWA, ONT., November 10, 1911.

*From the Master-General of the Ordnance,
Canadian Militia.*

*To the Secretary,
Militia Council,
Militia Headquarters.*

Herewith Memorandum for consideration of Militia Council.

R. W. RUTHERFORD, Colonel,
Master-General of the Ordnance.

The Master-General of the Ordnance:—

Your submission in this case was considered at the meeting of the Militia Council held this day, and approved.

E. F. JARVIS,
Secretary, the Militia Council.

15-11-11.

Then General Elliot makes another memorandum:—

F. O. O.

Approval of Council regarding price of small arm ammunition over five years old is forwarded for your information and action, please, regarding insertion of an amendment in the Regulations and publication of a M.O.

It is presumed you will ensure that G.O.C.'s will always issue the oldest ammunition first.

Please return.

H. M. ELLIOT, Major (R.A.) C.M.,
Director of Artillery.

18-11-11.

Following which General Macdonald made this memorandum:—

Price of .303 ball cartridges of old manufacture.

In future issues on payment by the Canadian Ordnance Corps of .303 ball cartridges of over five years' manufacture will be made at half price, viz., \$10 (ten dollars) per thousand rounds.

(H.Q. 62-2-31).

D. A. MACDONALD,
H. K. B.,
A.A.G. (1)

15-12-1.

M.O. 592-11.

Q. Was it Mark VI you sold to the Mounted Police?—A. Yes.

Sir CHARLES DAVIDSON: Read the requisition of the Northwest Mounted Police. The requisition for 500,000 rounds is under date of the 4th January, 1916.

General D. A. MACDONALD.

By Captain Thompson:

Q. If this ammunition was serviceable to the Mounted Police, was it serviceable for rifle associations?—A. I do not know why he asked for Mark VI. Does he state in his letter that he asked specially for Mark VI?

Q. Colonel Macdonald suggests that the possible reason why the Mounted Police could use that Mark VI was that they had Lee-Enfield rifles?—A. They might have wanted some of this for machine gun practice.

Q. Could Mark VI be safely used in the Lee-Enfield rifle?—A. I do not know. You heard what the minister said to-day. I am not an expert in that sort of thing. I know nothing about it.

Sir CHARLES DAVIDSON: What are the Mounted Police armed with?

The WITNESS: I think they are armed with .303 rifles. They have some Lee-Enfield rifles that they got from the department.

By Captain Thompson:

Q. Have they machine guns?—A. I do not know what their equipment is. But this ammunition was considered all right for machine gun practice, although it has now been also barred.

Q. What would you say as to the relative value of the 1906-1907 lot as compared with the 1912 lot?—A. I should imagine there was very little difference, if any, from all I can hear. I do not know myself personally. The report of the Barlow Commission did not consider that ringing was going to improve it very much.

Q. I suppose General Elliot could speak as to that?—A. Yes, he is more of an expert in that. All this ammunition has now been withdrawn. Instructions have been sent to my end of the Department that we are not to issue any between 1912-13 and 1908 to the Militia; in fact, we have withdrawn it for any purpose whatsoever.

Q. What were you to do with the ammunition made between 1908 and 1912-13?—A. That is withdrawn; it is absolutely barred. The whole of the Mark VI issue of any year is now barred from any service in Canada.

Sir CHARLES DAVIDSON: Could you sell it?

The WITNESS: I do not know, I am sure. That would be a question.

By Capt. Thompson:

Q. Do you know when that decision was arrived at?—A. It is not very long ago; I cannot give you the date.

Q. 1916?—A. Yes, I think so—perhaps.

Sir CHARLES DAVIDSON: There will likely be some further questions to put to you next week.

The witness retired.

Lt.-Col. J. F. MACDONALD, Principal Ordnance Officer, sworn.

By Capt. Thompson:

Q. What is your position in the Militia Department?—A. Principal Ordnance officer.

Q. Did you have anything to do with the sale of this Small Arms Ammunition to Col. Allison?—A. —

Sir CHARLES DAVIDSON: Your chief is General Macdonald?

The WITNESS: General Macdonald, Quartermaster General, is my chief.

Sir CHARLES DAVIDSON: General Elliot is the Master-General of the Ordnance?

Lt.-Col. J. F. MACDONALD.

The WITNESS: Master-General of the Ordnance, and the Quartermaster General has charge of the Principal Ordnance Officer who is the distributing agent of the service.

Sir CHARLES DAVIDSON: Is the Master General of the Ordnance in charge of an independent department?

The WITNESS: Yes, he has to do with the manufacture of guns, ammunition and all that is connected with it. The Principal Ordnance Officer, acting under the Quartermaster General, distributes them.

By Capt Thompson:

Q. As such, did you have anything to do with the sale of this ammunition?—A. I carried out the instructions I received from my chief in connection with the sale.

Q. You gave the instruction to ship?—A. I gave orders to carry out the instructions contained in the letter of application of Col. Allison.

Q. Will you look at the cash debit voucher? One voucher is for 1,999,800 of the 1906-07 make?—A. Yes, that is the third sale.

Q. The second sale was of 236,000?—A. No, that is the first sale.

Q. Take the first sale then, that of 236,000.

Sir CHARLES DAVIDSON: Two hundred and thirty-six thousand—what was that of?

Capt. THOMPSON: That was the first sale of the 1912 make of Mark VI.

Sir CHARLES DAVIDSON: And the 750,300?

Capt. THOMPSON: Nineteen hundred and twelve, Mark VI.

Sir CHARLES DAVIDSON: And 1,999,800?

Capt. THOMPSON: There are two lots; the 1,999,800 lot was made up as follows: 1,911,800 of 1906 make and 88,000 of 1907 make, making a total of 1,999,800. The third shipment was made on the 26th November, 1915. That was well within the period of what you might call the condemned ammunition in the Barlow report.

By Capt. Thompson:

Q. Why was not the early make of ammunition shipped in the first two orders? Why did they ship the 1912 make? That would probably be better ammunition than the 1906-07 make?—A. When I received instructions to issue this ammunition, I received the impression that it was for some experimental purpose. I consequently called up Col. Helmer, as you will see endorsed on it, and asked what ammunition I should send as he was the expert of the department and knew best about ammunition. He suggested Mark VI, 1912, ringed.

Sir CHARLES DAVIDSON: As appears by?

The WITNESS: As appears endorsed on the original letter.

Sir CHARLES DAVIDSON: Under date?

The WITNESS: The letter of Col. Allison to General Macdonald, dated 8th September, 1915.

Sir CHARLES DAVIDSON: Which letter reads as follows?

The WITNESS:

"Confidential."

September 8, 1915.

"General D. A. MACDONALD,

Quartermaster General,
Ottawa, Canada.

"My Dear General,—Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to C. A. Searles, Vickers House, Broadway, Westminster, London, at the earliest possible moment.

Lt.-Col. J. F. MACDONALD.

"I have cabled asking authority to pay you from their account here for the above cartridges. Therefore, kindly send me your bill and I will see that it is paid.

Faithfully yours,

J. WESLEY ALLISON.

"Spoke to Col. Helmer who says Mark VI, 1912, ringed.

J. F. M.

S. H.

"10-9-15."

I gave issue order 4821 to Montreal to issue at once.

By Capt. Thompson:

Q. To Col. Sullivan?—A. To Col. Sullivan at Montreal—Col. Sullivan was not there at the time, but to the senior ordnance officer at Montreal to issue. He placed it on shipboard. It was shipped on the 22nd September.

Q. Was it because you understood it was for experimental purposes that the output of 1912 was sent?—A. Yes. I did not know what purpose it was for. I simply got the order to issue and in some way I may have imagined it was for some experiment.

Sir CHARLES DAVIDSON: What do you mean by experimental purposes?

The WITNESS: The testing of rifles, guns, or any other purpose.

By Capt. Thompson:

Q. Why, in the third order, did you drop back to 1906-07?—A. It may have come to me in the meantime that it was not for experimental purposes. The 236,000 lot was a small quantity and I did not know but what they were getting out new inventions of some other kind or other. We were wanting to get rid of the other ammunition.

Q. But the 1912 lots were the first sold?—A. Yes.

Q. Then the last shipment was a large one, approximately, 2,000,000 rounds?—A. Approximately, yes.

Q. Of the makes of 1906-07. Is that the only way you can explain that the 1912 lots were sold first?—A. Yes, that is the only explanation I have to make.

Q. There is nothing on your file to show?—A. No, there is nothing. These papers are all that are on the file.

Q. I have already read your letter of the 29th July in which you make the suggestion that it would be preferable to have the condemned ammunition destroyed by drowning or otherwise. What ammunition would be included in that suggestion?—

A. Let me explain about that letter. While I signed that letter, I signed it—in all probability General Macdonald was away, he had gone to Quebec, or at least he was not present, because I signed for him—that is to destroy the ammunition manufactured prior to 1908.

Q. That is what this refers to?—A. Yes, you will see that on the margin.

Q. Was that memorandum prepared by you or by General Macdonald?—A. I think it was prepared by myself, but after consultation with General Macdonald in which we said it was very doubtful if any saving could be effected and suggested that it be destroyed by drowning or otherwise. That was in July before the outbreak of the war.

Q. Is that the very same ammunition that General Gwatkin suggests later, in October, should not be destroyed? Your suggestion was in July and his recommendation that it should not be destroyed was made on October 14; is that the same ammunition?—A. It probably refers to the same lot. At that time the stock of ammunition was not as great as we thought it should be and everything was held up in the way of issues. We were watching it very carefully. I think it was at that time that the minute was put on.

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Q. General Gwatkin's note says, "With reference to folio 122——"—A. That is the folio.

Q. Is that your memorandum folio, 122?—A. It is.

Q. He says:

"With reference to folio 122, the situation has changed since the word 'destroy' was written; and the order (unless repeated) should not be carried out.

"(Sgd.) W. GWATKIN, Colonel,
"16-10-14." *Chief of the General Staff.*

You referred in folio 122 to ammunition made prior to 1908?—A. Yes.

Q. So that there is no suggestion that that made subsequent to 1908 should be destroyed?—A. By General Gwatkin?

Q. That made subsequent to 1908 was under suspicion. You place them in two classes, that made prior to 1908 and that made subsequent to that date?—A. Yes, I think they felt that if an emergency arose within Canada it would be advisable to have every round of ammunition within reach.

Sir CHARLES DAVIDSON: Good, bad or indifferent?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What is that date?

The WITNESS: Immediately at the outbreak of the war.

By Capt. Thompson:

Q. The situation had changed by this time because General Macdonald says that the reserve of Mark VII, that is the good ammunition, was very large? You had placed all of Mark VI in the same category and were not using it? Is that correct?—A. Yes, that is the situation.

Sir CHARLES DAVIDSON: You were about to say that you were holding Mark VI?

The WITNESS: We held Mark VI until such time as the accumulation of Mark VII reached the amount—in fact until it very much exceeded the amount—that we were instructed to maintain as a minimum. I have here a statement which is confidential but it may interest you if you care to look at it. (Paper handed to Sir Charles Davidson.) It is not for publication but it will show exactly the situation.

By Capt. Thompson:

Q. I do not know whether this is so or not, Colonel Macdonald, but it is suggested that in view of the fact that your reserve had increased you had placed all of Mark VI in the same category?—A. Yes. The decision has recently been announced that it has been withdrawn entirely from use.

Q. Will you tell me at what date that was?—A. They began to withdraw it gradually. They withdrew it year by year and the last thing they withdrew it for was machine guns which was only a few months ago.

Q. Mark VI?—A. Mark VI. Our accumulation began to grow, our reserve to increase, and recently they withdrew it absolutely from use.

Q. Will General Elliot be able to give me some specific information as to that?—A. Yes. This ammunition from year to year was described in Orders as being "under suspicion." That was the decision of Council. I do not sit at Council but these facts came down to me eventually. If there was a blow-back, a burst, or anything of that kind, the matter would be taken up. The matter would come up at Headquarters and be discussed by Council and if there was a sufficient justification for it the manufacture of that particular year would be "suspicioned" in the Orders speaking of the issues.

Q. Do you know of any sales of Mark VI at a higher price than \$20 per thousand?—A. I made a return to Parliament—I do not know whether you have a copy of it or not. I do not think there were.

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Sir CHARLES DAVIDSON: Have the 3,000,000 rounds, in round figures, delivered to this company, been paid for?

The WITNESS: I really do not know because all I do is simply to pass it and the Accountant and Paymaster General looks after that.

Sir CHARLES DAVIDSON: Do you know General Macdonald?

General MACDONALD: Mr. Borden will tell you that.

The WITNESS: Yes, it has all been paid for as far as I know.

Sir CHARLES DAVIDSON: How long have you been in the Militia Department, Colonel?

The WITNESS: Since about 1903.

Sir CHARLES DAVIDSON: You are in the regular service?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: What is the practice of the authorities of the Militia Department as to the disposition of stores condemned, or put under suspicion?

The WITNESS: The practice in Canada follows very closely the British practice; in fact, the regulations in Canada are all modelled after the British regulations. Where a matter is not expressly dealt with in the Canadian regulations, reference is made back to the British regulations, and where incorporated from the British service we refer back to them.

Sir CHARLES DAVIDSON: There is a regulation as to the disposition of this ammunition by burning, sale or otherwise?

The WITNESS: Stores that are brought before a board of officers may be burned or turned into produce. It is essential that there should be some cash value in them, but if they are not worth while, they are burned. Old brooms, or old mop handles would be burned at once as having no commercial value.

Sir CHARLES DAVIDSON: If they have commercial value?

The WITNESS: Then, they are what we call produce. Then the Board recommends that the produce be sold. Old metal, such as iron, brass, copper, or any of these things, is returned by way of the Ordnance.

Sir CHARLES DAVIDSON: What as to ammunition—whence does authority come for sale?

The WITNESS: If it is condemned it is referred to higher authority and it may then be sold. The regulations for army ordnance services Part II, paragraph 552-553, deal with the disposition of Small Arm ammunition having been sentenced as unserviceable by the Inspecting Ordnance Officer or other proper authority. I have here an extract from the regulations.

Sir CHARLES DAVIDSON: Will you read it?

The WITNESS:

Precis of Proceedings on Condemned Ammunition and Decision to sell same.

1. Small Arm Ammunition having been sentenced "Unserviceable" by the Inspecting Ordnance Officer or other proper authority, and the sentence having been approved, will be dealt with as follows:—

The bullets will be extracted.

The cartridges will then be fired off and loose cordite will be burned. Where it is, for any reason, impossible to destroy ammunition in the above manner it will be drowned in deep water.

Sir CHARLES DAVIDSON: What about sales?

The WITNESS: There is nothing dealing directly with the question of sales.

Sir CHARLES DAVIDSON: What, if anything, was there irregular as regards the

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method of the sale of Small Arm Ammunition to which reference has been made this morning?

The WITNESS: I do not know that there was anything irregular in connection with it.

Sir CHARLES DAVIDSON: According to your observation was it all regular?

The WITNESS: According to my observation it seemed to be quite regular.

Sir CHARLES DAVIDSON: I do not know whether any public interest would be prejudiced if we were to ask how many millions of that Mark VI ammunition were in stock.

The WITNESS: I think I would almost prefer not to give any figures at all. Still, I could give them.

Sir CHARLES DAVIDSON: I would like the numbers.

The WITNESS: By a process of elimination I could say that the amount in Canada is very low.

Sir CHARLES DAVIDSON: I am speaking of Mark VI alone—some millions of rounds?

The WITNESS: Some few millions, it is very low, sir.

The Witness retired.

Hon. Col. J. WESLEY ALLISON, sworn.

By Capt. Thompson:

Q. How did you first ascertain that ammunition of a defective nature was for sale, or available, in Canada?—A. I telephoned to the Quartermaster-General from New York after a conference with a representative of the British War Office to ascertain if they had any .303 Mark VI that they could not use, or, if not, where I could get it.

Q. Did the person with whom you had the conference in New York tell you that there was Mark VI ammunition available in New York?—A. No, I ascertained that from General Macdonald.

Q. Did you have any conversation with a representative of the Vickers firm in regard to Mark VI ammunition?—A. Yes, sir.

Q. Prior to the sale by Canada to Vickers through you?—A. Yes, sir.

Q. Did this member of the Vickers firm inform you that there was Mark VI ammunition for sale in Canada, or available here?—A. No, sir.

Q. What made you think that there was any available here?—A. I have already stated that I telephoned—

Sir CHARLES DAVIDSON: I understood the witness to have said that he asked if there was.

The WITNESS: Yes.

By Capt. Thompson:

Q. Mark VI?—A. Yes.

Q. Is Mark VI ammunition made anywhere else except in Canada or is that a Canadian Mark?—A. I think it is made in Great Britain and I think it has been made in the United States; I am not sure as to that, however.

Q. Did you telephone to General Macdonald?—A. I think it was General Macdonald.

Q. When was it that you had this conference with General Hughes? Was it before that? He referred to having had a conference with you?—A. It was before that. I presume I telephoned to General Hughes at the same time and he referred me to General Macdonald.

General MACDONALD: I think that was the way of it.

The WITNESS: Yes, I think that was the way of it.

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Sir CHARLES DAVIDSON: Previous to this had you had any conversation about it?

The WITNESS: No, sir.

By Capt. Thompson:

Q. With General Hughes with regard to Mark VI ammunition?—A. No, sir.

Q. None whatever?—A. I have no recollection of it.

Q. I want to ascertain exactly what brought it to your notice that there was Mark VI ammunition for sale in Canada?—A. General Macdonald told me when I asked him.

Q. Was that inquiry in consequence of a request made by the Vickers' agent that you procure Mark VI ammunition?—A. He told me that there was some .303 Mark VI in New York and to procure an option on it at that time.

Sir CHARLES DAVIDSON: Of what manufacture?

The WITNESS: I do not know where it was manufactured.

By Capt. Thompson:

Q. It was Mark VI though?—A. .303 Mark VI. One of our experts went down to see it, and he found that there was only a small percentage of it that would be acceptable.

Sir CHARLES DAVIDSON: When you speak of one of our experts, what do you mean?

The WITNESS: I mean that my own man went down to see it.

By Capt. Thompson:

Q. General Hughes stated this morning that he recommended the Vickers' representative, or partner, to have the American representative of the firm interview the proper authorities here in regard to the quantity of Mark VI that Canada had on hand. Bearing that in mind, is it to be supposed that this representative or partner of the Vickers firm told you that he had been referred to you by General Hughes?—A. I presume so, but I do not remember.

Q. I want you to recollect if you can.—A. I have no doubt of it; it is possible, but I have no recollection—

Q. That is why you telephoned to General Macdonald to ascertain whether they had any and how much?—A. I presume so.

Q. Did you discuss the price over the telephone or did you come to Ottawa and see him?—A. I think I asked the price, but I am not quite sure; the price would not come to me for a very considerable time.

Q. After your interview?—A. After my interview and after the first order was placed.

Q. You say in your letter to General Macdonald on the 8th September, 1915:

Referring to my arrangements with you some time ago—

Were these arrangements made over the telephone or through an interview?—A. A personal interview.

Q. Was the price discussed at that interview?—A. General Macdonald could not give the price at that time, or did not give it to me.

Q. At which time?—A. When I had the interview with him and at the time that letter was written.

Q. Do you know when the price was fixed?—A. Some time after that; I do not remember the date.

Q. It was fixed before the ammunition was shipped to England?—A. I am not sure of that.

Q. Are you sure you fixed the price?—A. I had nothing to do with fixing the price.

Q. Did you not discuss the price?—A. I am not sure.

Hon. Col. J. WESLEY ALLISON.

Q. When I say fix the price—did you arrive at an agreement with General Macdonald as to the price to be paid for the ammunition?—A. Yes, certainly, later on.

Q. Can you fix the date at which you came to the arrangement as to the price to be charged?—A. I cannot give you the exact date. It was some time during the spring or summer of 1915.

Q. You say in your letter of the 8th September:

“I have cabled asking authority to pay you from their account here for the above cartridges.”

A. Yes.

“Therefore, kindly send me your bill and I will see that it is paid.”

A. Yes.

Q. Did the Department send you the bill?—A. I think so, I am not sure as to that, but I think so. If they did I sent it right on to England.

Q. That is apparently the manner in which the ammunition was paid for eventually?—A. —

Sir CHARLES DAVIDSON: How was it paid for?

Capt. THOMPSON: By a deposit in the Bank of Montreal in England.

By Capt. Thompson:

Q. Have you any knowledge as to how this ammunition was paid for?—A. I have nothing more than to follow out the suggestion that it should be paid into the Bank of Montreal to the order of the Receiver General of Canada.

Q. Where?—A. I am not sure; I think it was in London.

Colonel MACDONALD: It was paid here in Ottawa.

Sir CHARLES DAVIDSON: I think not, according to the papers.

Capt. THOMPSON: Colonel Allison, on the 6th October, 1915, writes to General Macdonald as follows:—

“HOTEL MANHATTAN,

MADISON AVE., NEW YORK,

October 6, 1915.

Confidential.

“General D. A. MACDONALD,
Quartermaster General,
Ottawa, Ont., Can.

“DEAR GENERAL MACDONALD,—I have just received instructions from London requesting me to order from you an additional 750,310 .303 Mark VI cartridges to be shipped to the same address as referred to in my letter of September 8. They have asked if you would permit them to deposit the amount of the purchase price to the credit of the Canadian Militia Department in London, at the Bank of Montreal there.”

Sir CHARLES DAVIDSON: On November 23 there is a letter addressed to Colonel J. W. Allison from J. F. M., Lt.-Col.

Col. MACDONALD: Myself.

Sir CHARLES DAVIDSON: This letter reads as follows:—

“November 23, 1915.

“Col. J. W. ALLISON,
Morrisburg, Ont.

“With reference to my letter of the 1st instant numbered as above, please find copies in duplicate of Vouchers No. B. 105 and B. 176 for Mk. VI ammunition shipped to Vickers, London.

"Will you kindly instruct your principals to place the amount \$20,926.94 to the credit of the Receiver-General of Canada in the Bank of Montreal in London.

J. F. M., Lt.-Col."

Then there is a further letter dated November 23, 1915: "A.P.M.G."—what does that mean?

General MACDONALD: Accountant and Paymaster General.

Captain THOMPSON: Colonel Macdonald says that, as a matter of fact, the money was paid into the Bank of Montreal to the credit of the Receiver General in Ottawa.

Colonel MACDONALD: I believe the original files show that.

By Captain Thompson:

Q. Was it paid in by you, Mr. Allison?—A. No.

Q. Did you handle any money in connection with it?—A. Not a cent.

Q. Did you receive any commission in connection with the sale?—A. Not a cent.

Q. What was your profit in connection with the transaction?—A. Not a cent.

Q. Nothing whatever?—A. Nothing whatever.

Q. Were you the agent of the Vickers?—A. I cannot say that; I was called upon to do a great deal of special work for the Vickers and the representative of the War Office.

Q. Was this part of the special work?—A. Yes, sir.

Q. Do you say that you received no commission whatsoever?—A. On this transaction?

Q. On this transaction.—A. Not a cent.

Q. Or promise of any?—A. Not a cent.

Q. Do you expect to receive any?—A. Not a cent.

Q. Has any commission been paid by the Vickers Company, or their representatives to anybody for you?—A. Not a cent.

Q. Or in trust for you?—A. Not a cent.

Q. Neither directly nor indirectly?—A. Neither directly nor indirectly.

Sir CHARLES DAVIDSON: Do you expect any benefit from it?

The WITNESS: None whatever.

By Captain Thompson:

Q. Have you received, or are you to receive, a commission from the Vickers Company in connection with other sales of which this might incidentally form a part and thereby increase your commission?—A. No. This has no connection with any other business I have with Vickers.

Q. Was there any question of commission or profit discussed with you at your interview with the Vickers representative?—A. Not at all.

Q. In reference to the purchase of this ammunition?—A. Not at all.

Q. Did he say why he did not purchase the ammunition himself instead of employing an agent?—A. He did not.

Q. As a result of having employed you, was the price of the Vickers Company increased in any way?—A. I know nothing about the arrangement.

Q. Do you know, as a matter of fact, what happened to this ammunition when it reached England?—A. I do not.

Q. Searles, to whom it was sent, was apparently a member of the Vickers firm? A. As I understand it, Searles is a very large purchaser, or does a great deal of work for the Admiralty. I do not know anything about it further.

Q. Do you know of your own knowledge, what happened to this ammunition?—A. No.

Hon. Col. J. WESLEY ALLISON.

Q. Whether it was re-sold, whether Vickers used it themselves, or how it was used?—A. I do not know anything about it.

Q. As far as you know, is there anybody in Canada we could call to ascertain definitely what became of the ammunition or how it was used?—A. I do not understand—

Q. Do you know of any person who could tell us how the ammunition was used after it reached England?—A. I do not know that anybody here in Canada knows anything about it. I understand that there are representatives of Vickers in this country but I do not know that they know anything about it.

Q. That is the Canadian Vickers?—A. That is the Canadian Vickers.

Q. Had you any correspondence or interviews with any members of the Canadian Vickers firm in reference to this ammunition?—A. I never had any business of any kind with any of the Canadian Vickers.

Q. At any time?—A. At any time, I have had a good deal of personal negotiations with people who are interested in the Canadian Vickers, but I have never had any business with the Canadian Vickers of any kind.

Q. Is it correct to say that in connection with this purchase or sale of small arms ammunition, you had nothing whatever to do with the Canadian Vickers?—A. I had nothing to do with the Canadian Vickers Limited at all.

Q. You did not enter into negotiations with them?—A. Not at all.

Sir CHARLES DAVIDSON: Have you any further local witnesses?

Capt. THOMPSON: No, sir. I had intended to call General Fiset in reference to that memorandum of his that no ammunition should be disposed of, but General Macdonald explains that.

Sir CHARLES DAVIDSON: There was some mention made of sales to the Savage Company. You might have an explanation of that.

Capt. THOMPSON: I referred to it, but it was a very small amount—23,000 rounds. The correspondence shows that the Savage people asked for that ammunition in order to test machine guns which they were making for the Canadian Government.

Sir CHARLES DAVIDSON: You telephoned direct to the Minister and he referred you to the Quartermaster General?

The WITNESS: That is right.

The Witness retired.

The commission took recess.

The commission resumed at 2.30 p.m., and adjourned to meet again on Tuesday the sixteenth day of May at ten o'clock in the morning.

ROYAL COMMISSION,

OTTAWA, TUESDAY, May 16, 1916.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the sale, or disposal, by the Government of Small Arms Ammunition since the 4th of August, 1914, referred to in returns made to the House of Commons on the first and second May, 1916.

Met to-day at Ottawa.

PRESENT:

THE HON. SIR CHARLES DAVIDSON, Knight,
Commissioner.

Sir CHARLES DAVIDSON.—Well, Captain Thompson, this inquiry was adjourned until this morning.

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Hon. Col. J. WESLEY ALLISON.

Capt. THOMPSON: The inquiry was adjourned for the purpose of calling further evidence this morning, but I might say for the purpose of having it on the notes, that Colonel Greville Harston telephoned me this morning that he had been requested by the Minister to attend and testify. Colonel Harston is stationed at Quebec. He is leaving for the United States this afternoon, and he will not be available for about a week. After that he stated that he would be present at the inquiry any time upon notification.

Since we adjourned on Saturday, there has been criticism made in the House of Commons of the fact, that, being an officer in the Overseas Forces, I should conduct this present inquiry. I fail to see, Sir, how the fact that I am an officer in the Overseas Forces should in any way affect my prosecution of this investigation. Ordinarily, and under other circumstances, I would pay no attention whatsoever, to any criticism from whatsoever source about any matter that I might conduct before any court or tribunal. However, this criticism having been made, I would very much desire to withdraw from the further prosecution of this inquiry.

I might say, however, that had I continued to act, this inquiry would have been conducted, as far as I am concerned, in the same manner and with the same thoroughness that I have endeavoured to conduct other matters which have already been inquired into by this Commission. While we have been associated together in this War Contracts Inquiry I have accepted instructions, advice and direction from no person whatsoever other than yourself, and if I had continued to conduct this inquiry I should have been subject to no person other than yourself, and I would have received no suggestion or advice from any person other than yourself. However, the criticism having been made, I again state that I wish to withdraw.

Before doing so, I would like to express my appreciation of the honour you have done me in appointing me to conduct, as counsel, the matters which have been inquired into by this War Contracts Commission.

Sir CHARLES DAVIDSON: Captain Thompson, your decision to withdraw from the position of counsel of this Commission causes me very keen regret. Under the terms of The Inquiries Act, I had authority, and have authority, should I choose to exercise it, to appoint counsel. That authority I have felt it my duty to exercise, and needless to say, in my choice of counsel I acted in untrammelled measure. Not least among the qualities which lead me to ask you to accept the onerous position, was that of your striking independence of character, in addition to which you are one of His Majesty's counsel, holding a high position at the bar of this province. I desire simply to say to you that my choice has been fully justified. Your conduct throughout has been fearless, conscientious and able. Never for a moment have I seen you swerve from the clear pathway of duty which it became you to follow, and I trust that you have ever found me an eager supporter in your pursuit of every development which might achieve the objects of this Commission. I feel fully assured, Sir, that as in the past, so now, and so in the future, you will live up to the high standard which you have set for myself—that of being an officer and a gentleman.

Mr. D. D. McKENZIE. M.P. (Cape Breton North and Victoria): This development of the sitting this morning is one that I did not foresee when I laid out for myself, at the request of members of the House, to appear before your Lordship's Court. I had no notion that the learned gentleman who has conducted this inquiry so ably had made up his mind to withdraw. I have listened with serious earnestness, Sir, to what you have stated in respect to his conduct before your Court and your deep regret in severing your association with him in connection with the arduous work which has been submitted to you. I fully agree in everything you have said about the services of the eminent Counsel who is associated with you in this work. I have not the honour of his acquaintance, but the name of Thompson is well known and revered in the province from which I come, and I would be sorry if anything less than your Lordship has said this morning could be said of his father's son. That is about all I have to say on that point.

My particular business in coming before your Lordship's Court this morning was simply to state to you that the night before last in the House of Commons the Hon. Dr. Pugsley made the suggestion to the Minister of Justice that in what was regarded as a delicate situation for Capt. Thompson, perhaps another counsel should be associated with him. The Minister of Justice, as I understood, took the matter into consideration, and an answer was expected yesterday. But yesterday, the Minister of Justice was absent on some business and the Premier was also absent from the House. When the House opened yesterday, the leader of the Opposition asked if the request of the hon. member for St. John was to be carried out. I was not present, but what was said, I presume, will appear in Hansard of this morning. But, I was given to understand that Sir George Foster, who was leading the House, stated that nothing would be, or could be, decided until the Premier returned to the House, which cannot be earlier than this afternoon. It was thought advisable, under these circumstances, that some one should come before your Lordship this morning and ask for an adjournment until the situation had cleared and a definite course of action had been decided upon in so far as the Government is concerned. That, Sir, is my motion before you this morning, and I take it for granted that there will be an adjournment in view of Capt. Thompson's resignation. But, in any event, I beg to ask for an adjournment until such time as your Lordship would think proper to enable the Government and those interested to be in a position to put this case before you in the proper manner.

SIR CHARLES DAVIDSON: It is quite obvious, Mr. McKenzie, that there needs to be an adjournment and if it suits your convenience I would suggest to-morrow morning at ten o'clock. Possibly a day will suffice in order to have the matters concerning which you have spoken arranged and settled. If counsel make further application to-morrow morning, it may be to some extent at least in their hands what further adjournment may be necessary.

MR. MCKENZIE: That is quite satisfactory to me.

SIR CHARLES DAVIDSON: Whether we shall adjourn or not, I hope we shall have the opportunity of seeing you here to-morrow morning, Mr. McKenzie.

The Commission thereupon adjourned to meet again on Wednesday, the 17th day of May, 1916, at ten o'clock in the morning.

OTTAWA, Wednesday, May 17, 1916.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the sale, or disposal, by the Government of small arms ammunition since the 4th of August, 1914, referred to in returns made to the House of Commons on the 1st and 2nd May, 1916, met to-day at Ottawa.

PRESENT:

THE HON. SIR CHARLES DAVIDSON, Knight,

Commissioner.

SIR CHARLES DAVIDSON: Well, Mr. McKenzie?

MR. D. D. MCKENZIE: An arrangement has been made with Mr. Hartley Dewart, K.C., to appear before your Lordship representing the Liberal side, and my side, of the case.

SIR CHARLES DAVIDSON: In specific form, whom will he represent?

MR. MCKENZIE: As a matter of fact, I do not appear. The basis of the whole inquiry is the letter of the Auditor General, and counsel will, as I understand it, be practically representing the Auditor General. I need not tell your Lordship what the purpose of the inquiry is. It is just to ascertain the truth of the allegation set forth

in that letter. As far as I am concerned, I know of nothing else than the contention that these goods were sold at a profit to the Admiralty and that, if they were sold to the Admiralty, they should have been sold at exactly the same price as the Department of Militia and Defence had received for them. The whole crux of the matter is that a profit was made in the transfer of the goods from this department to the Admiralty.

Sir CHARLES DAVIDSON: Through the intervention of whom?

Mr. McKENZIE: Of Allison.

Sir CHARLES DAVIDSON: When would Mr. Dewart be able to take up this inquiry?

Mr. McKENZIE: He was supposed to be here this morning. I was not here earlier because I thought he would have been here. We got word last night that he would be here this morning. I was told that he would be able to take it up next Monday or the first of next week, but it would possibly be well to make the adjournment long enough so that both counsel, Mr. Dewart and whoever may be representing the Canadian people, instead of Captain Thompson, will have ample time to be ready. Whatever day next week would suit the court, would have to suit them.

Mr. McKENZIE: Any day would suit me.

Mr. McKENZIE: To-day is Thursday.

Sir CHARLES DAVIDSON: No, to-day is Wednesday. You are a day younger than you thought you were.

Mr. McKENZIE: What about a week from to-morrow?

Sir CHARLES DAVIDSON: I think that is a little long.

Mr. McKENZIE: A week from to-day?

Sir CHARLES DAVIDSON: Might it not be better, if Mr. Dewart is to arrive this morning, to wait?

Mr. McKENZIE: That would certainly be better.

Sir CHARLES DAVIDSON: I would desire that, whatever day the Commission be adjourned to, the work should at once begin without further delay.

Mr. McKENZIE: That was my own idea of it, and I was asking for a little longer adjournment so that Mr. Dewart would be seized with the facts of the case.

Mr. JOHN FRASER, Auditor-General: Next Wednesday is a holiday—the 24th.

Sir CHARLES DAVIDSON: I was considering Monday if it is not too early.

Mr. McKENZIE: Perhaps it would be well to adjourn tentatively until Monday.

Sir CHARLES DAVIDSON: No, any adjournment I fix now, I think it would be desirable, as a matter of business, to make peremptory for the taking of evidence at once.

Mr. McKENZIE: Very good—Monday. They ought to be ready by that time. Capt. Thompson, yesterday, mentioned to the court that there was some witness, but I did not catch the name.

Sir CHARLES DAVIDSON: Colonel Harston.

Mr. FRASER: General Elliot?

Sir CHARLES DAVIDSON: No, he is available here. Col. Harston is a permanent officer in connection with the arsenal at Quebec. He has all the records in connection with this Mark VI ammunition, showing when it was made, etc. I understand he has gone to New York, but there are other witnesses available.

Mr. McKENZIE: Are we to understand that your lordship will adjourn until 10 a.m. on Monday next, in this place?

Sir CHARLES DAVIDSON: My impression is that, as it is Monday, it might be as well to meet at 2 o'clock. That enables the parties to arrive here. We will adjourn until 2 o'clock. Then we can sit from day to day, with an adjournment over Empire Day, if necessary, I will be available during the day if Mr. Dewart should arrive. You have possession of the returns to Parliament?

Mr. McKENZIE: Yes, I have, and I will hand them over to Mr. Dewart when he comes.

Sir CHARLES DAVIDSON: Did you say Mr. Dewart would be here to-day?

Mr. McKENZIE: We thought he would be here at 10 o'clock. There may be some delay in the train.

The commission thereupon adjourned to meet at 2 p.m. on Monday, the 22nd day of May, 1916.

OTTAWA, Monday, May 22, 1916.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the sale, or disposal, by the Government of Small Arms Ammunition since the 4th of August, 1914, referred to in returns made to the House of Commons on the First and Second May, 1916.

Met to-day at Ottawa.

PRESENT:

THE HON. SIR CHARLES DAVIDSON, Knight,
Commissioner.

J. A. HUTCHESON, K.C.

HARTLEY H. DEWART, K.C.

THOMAS P. OWENS,

Clerk of the Commission.

At the sitting of the commission:

Sir CHARLES DAVIDSON: An adjournment was had until to-day for the purpose of proceeding with the inquiry into the sales of certain small arms ammunition.

Mr. HUTCHESON, K.C.: I have the honour to announce that I have been appointed counsel to the place of Capt. John Thompson, K.C., who, I am informed, resigned, at the last sitting, his position as counsel, to assist the Commissioner. I am informed that Mr. Dewart has been selected as counsel representing the Liberal party.

Mr. DEWART, K.C.: I regret to say, Sir Charles, that I have no official recognition before your Commission up to the present time so far as I have been able to understand. I believe that the right honourable Sir Wilfrid Laurier was good enough to suggest to the right honourable the Prime Minister that counsel should be appointed for the Liberal party and that he had the courtesy to mention my name in that connection. I have been so advised. It was announced in Hansard and in the press that counsel was to be allowed to the Liberal party and Sir Wilfrid Laurier having mentioned me as such, I felt that I should do him the courtesy of appearing here to-day. I can say, however, that I had hoped that I would be placed on the basis of a co-ordinate examining counsel with my learned friend, Mr. Hutcheson. I do not care to be put in any position before this Commission except that of representing what my learned friend is representing, that is, the interest of the Dominion of Canada. I would most certainly prefer to be put in that position. Since, however, that appears not to have been the view that has been taken, although I believe it is the view that should be taken so that we might counsel together to conduct the investigation, I have to take upon myself the duty, as at present advised, of representing Mr. McKenzie, M.P., who was the gentleman who moved the motion in the House of Commons.

Sir CHARLES DAVIDSON: As neither you, Mr. Dewart, nor you, Mr. Hutcheson, were here on the occasion of the last meeting, I can best tell you what occurred by reading from the record.

Sir CHARLES read:—

Mr. D. D. McKenzie: An arrangement has been made with Mr. Hartley Dewart, K.C., to appear before your Lordship representing the Liberal side, and my side, of the case.

Sir Charles Davidson: In specific form, what will he represent?

Mr. McKenzie: As a matter of fact, I do not appear. The basis of the whole inquiry is the letter of the Auditor General and Counsel will, as I understand it, be practically representing the Auditor General. I need not tell your Lordship what the purpose of the inquiry is. It is just to ascertain the truth of the allegation set forth in that letter. As far as I am concerned, I know of nothing else than the contention that these goods were sold at a profit to the Admiralty and that, if they were sold to the Admiralty, they should have been sold at exactly the same price as the Department of Militia and Defence had received for them. The whole crux of the matter is that a profit was made in the transfer of the goods from this department to the Admiralty.

Sir Charles Davidson: Through the intervention of whom?

Mr. McKenzie: Of Allison.

Sir Charles Davidson: When would Mr. Dewart be able to take up this inquiry?

Mr. McKenzie: He was supposed to be here this morning. I was not here earlier because I thought he would have been here. We got word last night that he would be here this morning. I was told that he would be able to take it up next Monday or the first of next week, but it would possibly be well to make the adjournment long enough so that both Counsel, Mr. Dewart and whoever may be representing the Canadian people, instead of Captain Thompson, will have ample time to be ready. Whatever day next week would suit the Court would have to suit them.

Sir Charles Davidson: Any day would suit me.

Mr. McKenzie: To-day is Thursday.

Sir Charles Davidson: No, sir, to-day is Wednesday. You are a day younger than you thought you were.

Mr. McKenzie: What about a week from to-morrow?

Sir Charles Davidson: I think that is a little long.

Mr. McKenzie: A week from to-day.

Sir Charles Davidson: Might it not be better, if Mr. Dewart is to arrive this morning, to wait?

Mr. McKenzie: That would certainly be better.

Sir Charles Davidson: I would not desire that, whatever day the Commission be adjourned to, the work should at once begin without further delay.

Mr. McKenzie: That was my own idea of it, and I was asking for a little longer adjournment so that Mr. Dewart would be seized with the facts of the case.

Mr. John Fraser (Auditor General): Next Wednesday is a holiday—the 24th.

Sir Charles Davidson: I was considering Monday, if it is not too early.

Mr. McKenzie: Perhaps it would be well to adjourn tentatively until Monday.

Sir Charles Davidson: No, any adjournment I fix now, I think it would be desirable, as a matter of business, to make peremptory for the taking of evidence at once.

Mr. McKenzie: Very good, Monday. They ought to be ready by that time. Captain Thompson yesterday mentioned to the Court that there was some witness, but I did not catch the name.

Sir Charles Davidson: Colonel Harston?

Mr. Fraser: General Elliot?

Sir Charles Davidson: No, he is available here. Colonel Harston is a permanent officer in connection with the Arsenal at Quebec. He has all the records in connection with this Mark VI ammunition, showing when it was made, etc. I understand he has gone to New York, but there are other witnesses available.

Mr. McKenzie: Are we to understand that Your Lordship will adjourn until 10 o'clock on Monday next, in this place?

Sir Charles Davidson: My impression is that, as it is Monday, it might be as well to meet at two o'clock. That enables the parties to arrive here. We will adjourn until 2 o'clock. Then we can sit from day to day, with an adjournment over Empire Day, if necessary. I will be available during the day if Mr. Dewart should arrive. You have possession of the returns to Parliament?

Mr. McKenzie: Yes, I have, and I will hand them over to Mr. Dewart when he comes.

Sir Charles Davidson: Did you say Mr. Dewart would be here to-day?

Mr. McKenzie: We thought he would be here at 10 o'clock. There may be some delay in the train."

MR. DEWAR: What letter is referred to in that statement?

SIR CHARLES DAVIDSON: The letter to which reference is made in Mr. McKenzie's statement as coming from the Auditor General, was addressed to Sir Thomas White, Minister of Finance, and its terms are as follows:

OTTAWA, April 3, 1916.

SIR,—I beg to call your attention to a sale of ammunition made by the Department of Militia and Defence. Some time prior to the 31st December last this department sold to Colonel J. Wesley Allison, without the order of the Governor in Council, over 3,000,000 rounds of ammunition at \$20 per thousand. The Department has been buying ammunition since the declaration of war at \$33 per thousand, and has also been manufacturing ammunition at the Dominion Arsenal at a cost of \$34.60 per thousand. Consequently, there has been a loss to the Government on this transaction of over \$45,000. It is alleged that this ammunition has been sold to Vickers, Limited, for testing purposes. I can hardly credit this statement owing to the magnitude of the sale; but if it were so, why was it sold at such a low rate and why was it necessary to obtain the services of Colonel Allison? I have reason to believe that the ammunition was resold at an advance of about 25 per cent, and that its destination was not Vickers, Limited. I may be mistaken in this, but Colonel Allison's connection with the transaction does not tend to allay suspicion.

I wrote to the Department of Militia and Defence asking to be furnished with an Order in Council and also the particulars of the sale, but have had no reply. I have therefore to request that you will obtain the approval of the Governor in Council for the sale, and that you will also let me know why the rate was fixed at \$20 per thousand.

I am, sir,

Your obedient servant,

J. FRASER,

Auditor General.

There is a letter of the 7th of March, 1916, from the Auditor General to the Deputy Minister of Militia and Defence, which reads:

OTTAWA, March 7, 1916.

SIR,—In your statement of Receipts No. 50 for December last, I find Bank of Montreal receipt for \$20,927.44, being payment for 986,300 rounds of ammunition sold to F. O. Lewis at \$20 per thousand. As this is an unusually large transaction, I should like to be informed if public competition was obtained or in what way the price was fixed and also if an Order in Council was obtained authorizing the sale.

I am under the impression that this ammunition cost the Government about \$34 or \$35 per thousand and I should like to know what the reason is for selling at \$20.

I am, sir,

Your obedient servant,

J. FRASER,
Auditor General.

The Deputy Minister of
Militia and Defence,
Ottawa.

MR. DEWART: Is Mr. Orr Lewis in attendance as a witness. It would appear to me that probably he would be the gentleman from whom we ought to be able to get some information,—I understand that Mr. Lewis is not present.

SIR CHARLES DAVIDSON: Initially, it might be best to determine what was sold.

MR. HUTCHESON: If I may refer for a moment to the remarks of my learned friend Mr. Dewart regarding his status here I may mention that the matter was somewhat dealt with in the House of Commons on the 15th of May, 1916, and again on the 16th of May, 1916.

I have in my hand the official Hansard report at page 4067, and I find there that the Honourable the Minister of Justice, in answer to a question by the Hon. Mr. Pugsley, said:—

Mr. Pugsley: Will counsel be allowed?

Mr. Doherty: I am coming to that. Since hon. gentlemen opposite are so anxious with regard to counsel in this particular matter, I am not disposed to make objections to counsel being given. I am prepared to admit that this matter is on a different footing from matters of the nature of those that have been investigated in the past, and above all, in view of the imputations which hon. gentlemen have seen proper to make upon the gentleman who occupies the position of adviser to the commission—whether he continues in that position or not is for him to decide after the conduct which we have witnessed this afternoon—if any hon. gentleman is prepared to assume the responsibility of such imputation or charge as may be contained in these papers and desires to be represented by counsel, I myself am quite ready to represent to the commissioner—I cannot undertake to control his action in the matter—that so far as I am concerned and this Government is concerned—and I am satisfied I speak for the Minister of Militia as well as for every other member of the Government—there is not the slightest objection in the world to counsel appearing before the commission upon this particular matter.

Then follow some other remarks from the Minister of Justice regarding the criticism as to the status of Captain Thompson as Counsel to the Commission and Mr. Pugsley says:—

Mr. Pugsley: I do not wish to interrupt the hon. minister, but with his permission I desire to ask him a question. This commission of Sir Charles Davidson is appointed under the very same Act under which the Meredith-

Duff Commission is appointed. In the Meredith-Duff Commission the Government agreed that the leader of the Opposition should name counsel, and counsel was appointed. Now these are very important charges made by the hon. member for North Cape Breton (Mr. McKenzie). Will the Government adopt the same course in this matter before Sir Charles Davidson as has been adopted in the Meredith-Duff Commission—arrange for the appointment of counsel and give that counsel the same status as counsel before the Meredith-Duff commission? If so, that would be an approach to reasonable fair play.

Mr. Doherty: What I have said, perhaps, goes further than we said we would do with regard to the Duff-Meredith Commission. What was said with regard to the Duff-Meredith Commission was that the Government would appoint counsel to assist the Commissioners, and that the right hon. leader of the Opposition (Sir Wilfrid Laurier) should be at liberty to select one of these counsel. We have actually now counsel to assist the commission. I am going further; I am saying that if hon. gentlemen opposite take the responsibility of this charge and want counsel to prosecute, for whatever purpose may run in their minds, we will be willing that they should have counsel before the commission.

Mr. Pugsley: The minister seems to be not quite fair. All I ask him is this. We have here two cases. The hon. member for Richmond (Mr. Kyte) made certain charges with regard to the purchase of fuses, and for that the Government appointed a commission under the Inquiries Act to make investigation. Now, the hon. member for North Cape Breton (Mr. McKenzie) has made certain charges with regard to the sale of ammunition. All I ask is that the Government should appoint counsel, having the same status exactly—neither more nor less—that Mr. Johnston has in the Meredith-Duff Commission. That is all we ask; will the minister do that?

Mr. Doherty: I have used the words of the English language, as I understand them, which convey the idea that we are willing that counsel should be appointed. I do not know that I have anything more to say. I do not follow what it is I am asked to define.

Mr. Carvell: Take away the condition you imply.

Mr. Doherty: Do I understand that what is asked is, when we are giving counsel to act for the people of Canada generally, hon. gentlemen opposite say: That is no good, we want counsel to act for somebody who is not the public of Canada? Surely that somebody else must be the somebody taking the responsibility of the charges.

Mr. Pugsley: The hon. member for North Cape Breton is making the charges.

Mr. Doherty: I have said that there may be counsel before the commission to prove these charges the best he knows how. What further I can say I do not understand.

A very brief reference is made to the matter at the sitting of the House on the 16th of May as appears by the report in Hansard, page 4156, in which Sir Wilfrid Laurier says:—

Sir Wilfrid Laurier: In the absence of my right honorable friend yesterday, I inquired if it was the intention to give the Opposition the privilege of Counsel before the Davidson Commission on the charges brought the other day by the honorable member for North Cape Breton and Victoria (Mr. McKenzie).

Sir Robert Borden: I think it was announced by the Minister of Justice and also by the Minister of Trade and Commerce that if the honorable member for North Cape Breton and Victoria, or my right honorable friend, should desire to be represented by counsel before the Davidson Commission, we would

not only suggest, but recommend to Sir Charles Davidson that such counsel be allowed to appear. The position up to the present has been that Mr. John Thompson, K.C., was selected by Sir Charles Davidson to represent the people of Canada before that commission. So far as I am aware, he has discharged his duties with great ability, thoroughness and impartiality. It may further be observed that he has done so without any remuneration whatever except an ordinary allowance for travelling expenses when he has been absent from the city of Ottawa. He has regarded his work as a patriotic duty. I am informed that Mr. Thompson, in view of the criticism that he has been passed upon him in this House, does not feel it consistent with his self respect that he should continue to discharge those duties. It may therefore be necessary for the Government to take some action towards appointing counsel to take his place. So far as counsel to represent the honorable member for North Cape Breton and Victoria is concerned, as I have already said, we shall not only suggest but recommend to Sir Charles Davidson that counsel be allowed to appear.

Sir Wilfrid Laurier: On the same terms as Mr. Johnston?

Sir Robert Borden: As far as remuneration is concerned? We shall not make any undertaking with regard to that at the present time. I think it should be left for future consideration as was the case in connection with the Tarte-Langevin charges. There was no undertaking in advance, on the part of the Government at that time. The honorable member for North Cape Breton and Victoria undertook at once, in the same motion, to censure the Government and to demand an inquiry. He is at liberty to appear before the commission by his counsel and to proceed as he deems fit. The other question which my right honorable friend raised will be considered afterwards.

That is the end of the discussion regarding the status of Counsel. I am quite sure, so far as I am personally concerned, that I welcome what assistance Mr. Dewart can give me, because I believe we have both the same aim in view and that it to arrive at the truth in a perfectly fair, open, and impartial manner.

MR. DEWART: I am glad to accept what my learned friend Mr. Hutcheson has said, but at the same time my difficulty has been that I have been so recently acquainted with the status that I hold or do not hold here that it has been rather difficult for me to understand it. I take it that the Government has, in succession to Captain Thompson, who so creditably handled the investigation before you, Mr. Commissioner, both in the East and in the West and all through the Dominion of Canada, appointed my learned friend, Mr. Hutcheson, and that he now takes upon himself the onus and burden of the investigation. If you will allow me to do so, sir, I suppose I may render such assistance as I can in the capacity which it appears I have been rather indefinitely assigned to.

SIR CHARLES DAVIDSON: That is a somewhat nebulous position, Mr. Dewart.

MR. DEWART: I am afraid it is.

SIR CHARLES DAVIDSON: The statement of Mr. McKenzie, M.P., was, as forecasting, that you were to assume the position—in one place he mentioned you as representing the Liberal party, and in another place as representing Mr. Auditor General. I think at the threshold you had better make up your mind.

MR. DEWART: All I can say, sir, is that so far as the Auditor General is concerned I have no authority to act for him. In fact, sir, I should consider it a very peculiar thing if any Counsel were appointed to act for one who is considered to be one of the most impartial officers in the Dominion of Canada. As I am at present advised, sir, I suppose I shall have to say that I fear I shall have to take the position of acting for Mr. McKenzie, M.P. My learned friend, Mr. Hutcheson, is the investigator, and if I can give any assistance to him I shall be glad to do so.

Sir CHARLES DAVIDSON: The statement of Mr. McKenzie, so that we may have it with definiteness, is that: "Mr. Dewart is to appear before your lordship representing the Liberal side." And again he says: "The basis of the whole inquiry is the letters of the Auditor General and Counsel will, as I understand, be practically representing the Auditor General." There is the dual assertion that you are representing the Liberal side, and that you are practically representing the Auditor General. I just wish to have your position precise; would you have less difficulty in putting it into writing?

Mr. DEWART: My desire is that I should appear in an absolutely independent attitude to assist my learned friend, Mr. Hutcheson, in this inquiry. All I can say now is that I have no authority to represent the Auditor General, nor do I desire it. The only position I can take at the present moment is that I will assist my learned friend, Mr. Hutcheson, on behalf of Mr. McKenzie, in investigating the charges.

Sir CHARLES DAVIDSON: So far as I am concerned, Mr. Dewart, I am quite indifferent as to whom you represent, so long as it is some entity.

Mr. DEWART: I am anxious that I should be put in a position in which I might be independent and be considered as impartial in dealing with the matter. In view of what my learned friend, Mr. Hutcheson, has said, and in view of the remarks of the Minister of Justice in the House on the 13th of May, to which my learned friend has alluded, it would appear that Mr. Hutcheson has been appointed to take charge of the investigation. And I presume that for the present and for my appearance here to-day I am to be considered as representing Mr. McKenzie as Counsel to the Commission, to do what I may in helping to get at the real facts. I think that is a fair statement.

Sir CHARLES DAVIDSON: It has been the practice before the Commission to put the applications of Counsel to appear, in writing. Would you have any difficulty in doing that?

Mr. DEWART: To what extent, sir?

Sir CHARLES DAVIDSON: Just to say that you apply to appear for so-and-so.

Mr. DEWART: I verbally apply now to appear for Mr. McKenzie, Member of Parliament for North Cape Breton, representing him to such extent as I may be able to before the Commission, and assisting my learned friend, Mr. Hutcheson, who has been appointed by the Government to assist your lordship in the inquiry.

Mr. DEWART (after consultation with the Commissioner): The Commissioner has been good enough to suggest to me that perhaps by to-morrow morning the instructions under which I am to act would be put in more definite shape, and he has the courtesy to say that I may continue to act in the meantime, for which I thank him.

Mr. HUTCHESON: I would like to state that at a former sitting of the Commission, at which evidence was taken, the transcript of which covers fifty-four typewritten pages, that evidence was taken without any Counsel being present representing Mr. McKenzie—Captain John Thompson, K.C., was the only Counsel present then. Criticism has been made of that course of investigation, and I take it that the presence of Mr. Dewart here to-day is in order that full opportunity should be given him, representing whoever he does, to cross-examine the witnesses who have already given evidence before you, sir, and I desire to ask whether it would be desirable to take the evidence de novo, giving Mr. Dewart an opportunity to cross-examine as we go along, or whether the evidence already taken can stand as given, Mr. Dewart being in a position to take up the examination, or cross-examination, as he may desire.

I understand that the report of these proceedings is to be printed and distributed, and in that view of the case the question arises whether it would be well to print and distribute the evidence already taken, or whether it would be well to have that evidence taken again.

I want to afford my learned friend, Mr. Dewart, the fullest opportunity to go into all phases of the matter as carefully and as freely as he may desire to do. I would like to ascertain Mr. Dewart's views on that point, and also what you, sir, would suggest in regard to it.

Sir CHARLES DAVIDSON: So far as that is concerned, it is in largest part left to the convenience of counsel.

Mr. DEWART: I was not aware whether all documents which should be on file were on file before the Commission, and so I communicated with the Clerk of the Commission asking him that the proper officer should be in attendance to produce these documents. I suggested to him that with a view of facilitating the work of the Commission the Deputy Minister of Militia and Defence, the Quartermaster General, and Colonel Macdonald might appear here to state whether there were any other documents that were material to this inquiry and which had not been filed. The last sitting of this Commission was on the morning of the 13th of May, the morning of the day on which the discussion took place in the House, and that discussion perhaps overshadowed the hearing of evidence, so that I was anxious to know whether every document that should be filed had been filed. I feel that at the outset of the inquiry we should make sure that the documents are sufficiently verified. I am not sufficiently familiar with the case to know whether all these documents have been produced, and it was for that reason that I made the suggestion.

Mr. HUTCHESON: I am quite unable to give my learned friend absolute assurance on that point, because I have been so recently retained in this matter that up to the present moment I have not seen the file of the return presented to the House. I have seen what has been transcribed of the evidence taken at the previous hearing, and I have read the discussion in the Hansard report of the debate on the 13th of May. I shall also be glad to be sure that everything bearing on the matter, and which will be of assistance to us in the inquiry, should be before the commission. But that does not quite meet what I was asking my learned friend about. I would like to know from him whether he wishes that the evidence of the witnesses already examined should be taken de novo, or whether they be called so that he may cross-examine them, as he may desire. Of course, probably there may be further questions that I would desire to ask these witnesses.

Mr. DEWART: I have not been able to do more than glance through the evidence taken at the last hearing. I may say, Mr. Commissioner, that it might be well to let that matter stand for further consideration until to-morrow, and if either my learned friend or myself should desire to re-examine or cross-examine any of the other witnesses then we might have opportunity to do so.

In view of the letter of the Auditor General, which appears in that evidence, and the further letter of his of date the 7th of March, I think it would be well to ask that Mr. F. Orr Lewis, of Montreal, should attend here to-morrow morning.

The Clerk of the Commission could telephone to Mr. Orr Lewis to-night and ascertain if he could be present to-morrow. The letter of the Auditor General would seem to indicate that, perhaps, he was the purchaser and not Vickers-Maxim. I would like to ascertain that fact before I proceed with the cross-examination of the witnesses.

Mr. HUTCHESON: I would like to have Colonel Harston, Chief Inspector of Arms and Ammunition, who is, I believe, at present in Quebec, here to-morrow morning, if possible. Colonel Harston can speak with expert knowledge as to the ammunition, and I do not think there is any person in Ottawa, so far as I can understand, who can speak of it with the same degree of knowledge that he can.

Sir CHARLES DAVIDSON: Would it be possible for Colonel Harston to get here to-morrow morning?

Mr. HUTCHESON: The Clerk should be instructed to telephone him and see if he can be in attendance. If I have to take upon me the burden of supplying the commis-

sion with witnesses I would like to have sufficient here by to-morrow morning so that the proceedings can be gone on with.

Mr. DEWART: Please do not consider me as the source of supply of the witnesses.

Sir CHARLES DAVIDSON: There is a coyness on the part of counsel on each side, which is somewhat unusual.

Mr. DEWART: It is our first appearance in this capacity before you, Sir Charles, and, perhaps, that may account for it. My view of the matter is that it may, perhaps, go a little deeper than it looks now, and if that be so I want to have time. In view of the way in which the case has presented itself to me, during my short consideration of it, I could not undertake to say that it is a case that could be closed in a few days. Sometimes cases arise in which the principles involved amount to more than money, and in which, although the money considerations may be small, there may be great difficulty in proving what the real facts are. I thought the term "coyness" was usually reserved for the other sex, but if I do appear to be coy I had no intention of being so. I certainly do intend to reserve my rights in this matter. I think you, perhaps, correctly appreciate the thought in my mind, Sir Charles, that it is not possible for me to-day to exactly declare my position.

If my learned friend and I have an opportunity of conferring together, it may possibly save the time of the Commission. I shall be glad to confer to-night with my learned friend on the matter. It does not seem to be possible for us to proceed now.

Mr. HUTCHESON: My sole desire in asking to have Colonel Harston here is that none of the witnesses who are in attendance can speak with an equal degree of expert knowledge as he can, in regard to the ammunition. My object is not to waste the time of the Commission, and in that view I would desire to put in the best evidence available. Colonel Harston can give the best evidence as to the small arms ammunition which is said to have been sold.

Mr. DEWART: Quite so.

Mr. HUTCHESON: We can readily prove the facts of the sale; that has been done before, and it is of record, and there would be no object in repeating that evidence. Colonel Harston can give us the best evidence as to the quality of the ammunition and the reason why it was sold. I should be very glad if it were possible to have Mr. Orr Lewis and Colonel Harston here to-morrow.

The Secretary was directed to telephone to Mr. F. Orr Lewis in Montreal asking if he could attend to-morrow morning and also to Colonel Harston of Quebec.

Mr. DEWART: They might both be able to be here to-morrow.

Sir CHARLES DAVIDSON: An effort might be made to get them.

Mr. HUTCHESON: I should be glad to do anything I could to get them here tomorrow.

Sir CHARLES DAVIDSON: Very well, Mr. Owens will seek by telephone to get one or both.

Mr. DEWART: We would at least know the situation in which we stood in so far as these witnesses are concerned and the possibility of getting them here at a later day.

Sir CHARLES DAVIDSON: I informed Colonel Harston that he would be an essential witness.

Mr. DEWART: I do not know, Mr. Commissioner, whether you would sit on Victoria Day or not.

Sir CHARLES DAVIDSON: Yes, I am prepared to sit if you assume that responsibility.

Mr. HUTCHESON: I am willing to sit; expedition is what we desire, of course.

Mr. DEWART: I am only too willing to assist my learned friend in getting ready, in any way possible, for to-morrow morning. I will give the matter my absolute and undivided attention this evening.

Sir CHARLES DAVIDSON: Let it be so—ten o'clock to-morrow morning. In the meanwhile, Mr. Owens will telephone to Mr. Lewis and to Colonel Harston.

The return of papers in the case made in response to an Order of the House of Commons was laid before the Commission.

The Commission adjourned at 3 p.m. to meet at 10 a.m. on Tuesday, May 23.



ROYAL COMMISSION.

OTTAWA, Tuesday, May 23, 1916.

Present:

The Honourable Sir CHARLES DAVIDSON,
Knight, Commissioner.

THOMAS P. OWENS,
Clerk of the Commission.

J. A. HUTCHESON, K.C.,
Counsel to assist the Commissioner in the inquiry.

HARTLEY H. DEWART, K.C.,
Counsel for the Liberal party.

At the sitting of the Commission:

Sir CHARLES DAVIDSON: Shall we proceed, Gentlemen?

Mr. HUTCHESON: Yes, Sir Charles, I am ready. I ask leave to put in Sessional Papers Nos. 276-276A, constituting the return, and supplementary return, to Parliament.

Mr. DEWART: What are the dates of these returns?

Mr. HUTCHESON: No. 276 is dated the 5th April, 1916, and 276A is dated April 18, 1916.

Mr. OWENS: They are both dated April 5, and they were brought down, one on May 1 and one on May 2.

Mr. HUTCHESON: I would ask to be informed of the efforts made to secure the attendance of the witnesses that were asked for yesterday. Mr. Owens could perhaps inform me as to that.

Mr. OWENS: I telephoned to Colonel Harston in Quebec last night and was answered at his house that he was too ill to come to the telephone. I asked to speak with him personally. I got Mr. J. Orr Lewis on the telephone and I understood him to say that he would be at the convenience of the Commission whenever required, but he could not possibly be here this morning, as the last train from Montreal to Ottawa had left when I telephoned him.

Mr. HUTCHESON: I would ask then that subpoenas be served upon these gentlemen. I think they ought to be called upon to produce any letters, telegrams or correspondence in any way bearing upon the matter in question, and subpoenas duces

tecum ought to be served, not that I doubt their willingness to attend, but because subpoenas duces tecum would be an evidence of the desire of the Commission that they should not only attend but bring any papers which they have bearing upon the matter. I would also make the suggestion that the subpoenas be returnable at a fixed time stating where and when they should attend.

Mr. OWENS: Mr. Lewis was unable to be here to-day.

Mr. HUTCHESON: He said that he would attend whenever called upon?

Mr. OWENS: At the convenience of the Commission. I understood him to say so.

Mr. DEWART: In view of the mention of the name of Vickers, Limited, Sir Charles, I have looked through the evidence and I cannot find anything to indicate what is the constitution of the firm, or who they are. I do not know who constitute the firm. I have learned that there is a Canadian firm and an English firm, but perhaps under another name. Perhaps my learned friend could tell me better than I could tell him who would be the necessary witness to subpoena to say who Vickers, Limited, were represented by, because in the debate I find that Vickers, Limited, is mentioned. With reference to the question of subpoenaing witnesses, perhaps my learned friend would say who was the proper person to subpoena in this connection. It would be helpful.

Mr. HUTCHESON: I heard the name of Mr. J. Orr Lewis yesterday for the first time when my learned friend asked to have Mr. Lewis in attendance. I inquired who he was and what connection he had with the matter and I was informed that he was the Canadian representative of Vickers, Limited, a company having its head office in England, as presumably we all know. I know of no one better able to give us the information that Mr. J. Orr Lewis.

Mr. DEWART: I am content.

Sir CHARLES DAVIDSON: I suppose the subpoenas will go, Mr. Dewart?

Mr. DEWART: All right.

Mr. HUTCHESON: While we are on the question of subpoenas, perhaps my learned friend—

Sir CHARLES DAVIDSON: There should also be one issued to Colonel Allison.

Mr. HUTCHESON: Yes, of course, Colonel Allison should be called upon.

Mr. OWENS: On the day on which Colonel Allison became unwell while attending before the other Commission, I told Mr. Henderson that I thought he would be subpoenaed for this Commission. Mr. Henderson gave his personal undertaking that he would produce him whenever his health would permit.

Sir CHARLES DAVIDSON: It would be best for the subpoena to go and then it might be made a matter of excuse if he was unable to attend.

Mr. HUTCHESON: Are there any other witnesses that my learned friend would desire to have subpoenaed that he has knowledge of at the present time?

Mr. DEWART: I have taken it that Colonel Harston was being subpoenaed because he was a gentleman who could speak of the character and quality of the ammunition that was manufactured from year to year and give us information as to what ammunition went here and there and what its condition was. If my learned friend, on inquiry, finds that there is some one else who could speak more specifically as to the ammunition—for example there are half a million rounds of ammunition that were distributed to the Mounted Police—it would be well to secure the attendance of such a witness. Of course, it would be a matter of some importance to know in what year that ammunition was manufactured and what its condition was. I have taken it for granted that Colonel Harston would give us that information. If my learned friend finds out that he cannot do so, I would ask that whoever can give us that information should be called.

Mr. HUTCHESON: My instructions are that the witness spoken of can undoubtedly give us that information. Of course it is possible to get that from some officials who are here to-day, either from Colonel Macdonald or from General Macdonald. I would like also to have the Auditor General called. He wrote a letter in which he made some suggestions which, I think, should be followed up. I think it is possible, from what he says in his letter, that he will be able to give us information which will put us on the track of finding other witnesses who ought to attend.

Sir CHARLES DAVIDSON: Very well.

Mr. HUTCHESON: May he be called first this morning?

Sir CHARLES DAVIDSON: Certainly.

JOHN FRASER, Auditor General, Sworn.

Mr. DEWART: I rather thought that my learned friend would perhaps endeavour to get a witness here who could furnish original information. This is the method of proof sometimes adopted before coroners' juries, but it is not as advantageous as if we were submitting the evidence of witnesses who know the facts. I take it that the position of the Auditor General is that of an investigator and if there are some witnesses whose statements have been made to him, it would be more desirable to have the evidence of these witnesses themselves rather than to have secondary evidence. I merely suggest that to my learned friend.

Mr. HUTCHESON: This is my object in calling Mr. Fraser: I desire to learn from him the source of his information and what assistance he can give to this Commission in following up the various matters indicated in his letter. It is not that I desire to offer as primary evidence the statements that he has heard from other persons. It is merely to enable us to get on the track of other witnesses.

By Mr. Hutcheson:

Q. Mr. Fraser, you are the Auditor General of the Dominion of Canada?—A. I am.

Q. On the 3rd April last you wrote a letter, I believe, to Sir Thomas White, Minister of Finance, which I ask leave to read into the notes. It is as follows:—

OTTAWA, April 3, 1916.

SIR,—I beg to call your attention to a sale of ammunition made by the Department of Militia and Defence. Some time prior to the 31st of December last this department sold through Colonel J. Wesley Allison, without the order—

Mr. DEWART: Without the authority.

Mr. HUTCHESON: It is "order" here.

Mr. DEWART: It is "authority" in my copy.

Mr. HUTCHESON: It is a misprint in the 'Hansard' report, showing that the 'Hansard' is not infallible.

—Some time prior to the 31st of December last this department sold through Colonel J. Wesley Allison, without the authority of the Governor in Council, over 3,000,000 rounds of ammunition at \$20 per thousand.

Mr. DEWART: \$20 per M.

Mr. HUTCHESON: It is per "thousand" here:

—at \$20 per M. The department has been buying ammunition since the declaration of the war at \$33 per M. and has also been manufacturing ammunition at the Dominion Arsenal at a cost of \$34.60 per M. Consequently there has been a loss to the Government on this transaction of over \$45,000. It is alleged that this ammunition has been sold to Vickers Limited for testing purposes. I

can hardly credit this statement owing to the magnitude of the sale; but if it were so, why was it sold at such a low rate and why was it necessary to obtain the services of Colonel Allison? I have reason to believe that the ammunition was resold at an advance of about 25 per cent and that its destination was not Vickers Limited. I may be mistaken in this, but Colonel Allison's connection with the transaction does not tend to allay suspicion.

I wrote to the Department of Militia and Defence asking to be furnished with an Order in Council and also the particulars of the sale, but have had no reply. I have therefore to request that you will obtain the approval of the Governor in Council for the sale and that you will also let me know why the rate was fixed at \$20 per M.

I am, Sir,

Your obedient servant.

(Sgd.) J. FRASER,

Auditor General.

The Hon. Sir THOMAS WHITE, K.C.M.G.

I would like to ask you when this matter was first brought to your attention?—
A. About the time that the letter was written.

Sir CHARLES DAVIDSON: Might it be well to put in also the Auditor's General of the 7th March to the Deputy Minister of Militia and Defence?

By Mr. Hutcheson:

Q. Did you also write a letter on the 7th March, 1916, to the Deputy Minister of Militia and Defence?—A. I did.

Mr. HUTCHESON: Might I also read that into the notes, Sir Charles?

Sir CHARLES DAVIDSON: Yes.

Mr. HUTCHESON: The letter is as follows:—

March 7, 1916.

SIR,—In your statement of Receipt No. 50 for December last I find Bank of Montreal receipt for \$20,927.44 being payment for 986,300 rounds of ammunition due to F. Orr Lewis at \$20 per thousand. As this is an unusually large transaction I should like to be informed if public competition was obtained or in what way the price was fixed and also if an Order in Council was obtained authorizing the sale.

I am under the impression that this ammunition cost the Government about \$34 or \$35 per thousand and I should like to know what the reason is for selling at \$20.

I am, Sir,

Your obedient servant,

J. FRASER,

Auditor General.

The Deputy Minister of
Militia and Defence,
Ottawa,

By Mr. Hutcheson:

Q. Regarding these two letters, then, Mr. Fraser, when did the matter first come to your attention?—A. On receiving this statement of receipts from the Militia Department.

JOHN FRASER.

Q. I presume the statement came to you in the ordinary course of business?—

A. Yes.

Q. Have you that statement?—A. I have it in the office.

Mr. HUTCHESON: Do you desire to have it produced?

Mr. DEWART: If you have it, I think it would be convenient to have it here.

Sir CHARLES DAVIDSON: It is desirable to have it here.

By Mr. Hutcheson:

Q. You can produce that statement?—A. Yes, sir.

Q. Was there anything to bring the matter to your attention excepting the fact that this item appeared in that statement?—A. I can hardly recollect that time; there may have been.

Q. Did you get any reply to your earlier letter?—A. None.

Q. You have never had a reply to that letter?—A. No.

Sir CHARLES DAVIDSON: To his letter?

Mr. HUTCHESON: His letter to the Department.

By Mr. Hutcheson:

Q. To your letter of the 7th March last, you have had no reply?—A. No reply.

Q. To your letter of April 3, did you receive a reply?—A. From the Minister of Finance—yes, a reply on the 4th April.

Mr. HUTCHESON: That seems to have been copied in the 'Hansard,' Sir Charles It is as follows:—

OTTAWA, April 4, 1916.

JOHN FRASER, Esq., I.S.O.
Auditor General,
Ottawa.

SIR,—I beg to acknowledge receipt of yours of the 3rd instant referring to a sale of ammunition made by the Department of Militia and Defence. I am not aware of the facts connected with the transaction, but shall at once bring your communication to the attention of the Prime Minister.

Q. Then, did you receive any further communication regarding the matter of your inquiry?—A. No.

Q. Now, Mr. Fraser, of course, you are willing to assist this Commission in investigating the matter which has been referred to it, this item which you referred to in your letter being one of the matters, and we would like if you could assist us in any way regarding it. You say that the sale was made to Colonel J. Wesley Allison?—A.

Yours truly,

(Sgd.) W. T. WHITE.

By Mr. Hutcheson:

Mr. DEWART: Through Colonel J. Wesley Allison.

Mr. HUTCHESON: It says "to" Colonel J. Wesley Allison in the letter I have in 'Hansard.'

Mr. DEWART: It says "through" Colonel J. Wesley Allison in the copy I have here.

Mr. HUTCHESON: Through is right. I am sorry to be misled in this way.

By Mr. Hutcheson:

Q. You say that it was done without an order of the Governor General in Council?—A. Yes, sir.

JOHN FRASER.

Q. Did you make inquiry to ascertain that?—A. In my letter to the Department of Militia and Defence, which has just been read, I asked them to provide me with the Order in Council. I asked the Minister of Finance to see that I was provided with an Order in Council.

Q. Which letter are you referring to now?—A. Both of these letters—one to the Militia Department and the other to the Minister of Finance.

Q. To one of which you received no reply?—A. Yes.

Q. And to the other of which you received an answer stating that the matter would be brought to the attention of the Prime Minister?—A. Yes.

Q. Did you make any further inquiry in the matter before making the statement in this letter that the thing had been done without authority?—A. I do not quite understand. That was sufficient inquiry to make. I asked for the authority of the Governor General in Council.

Q. And on getting no answer to your letter, you assumed that there was no authority?—A. Certainly. If an Order in Council had been passed I would have been supplied with a copy of it. I assumed that there was no Order in Council because I was not supplied by Council. There is a standing order that, with reference to all matters affecting financial arrangements that are passed by Council, a copy of the Order in Council is to be sent to me almost immediately.

Q. Precisely, and not having received a copy of the Order in Council, you assumed that there was none?—A. Certainly; and having written twice asking for it, and still not receiving it, I thought it was a fair assumption that no Order in Council had been passed.

Q. From the records which have been filed this morning, it seems that within recent times sales of ammunition by the Militia Department have been very frequent?—A. Small sales.

Mr. DEWART: Is my learned friend producing an Order in Council to justify these things?

Mr. HUTCHESON: There was no need of any Order in Council.

Mr. DEWART: I thought an Order in Council had been found or discovered.

Mr. HUTCHESON: No, there was no Order in Council.

Sir CHARLES DAVIDSON: There was a recommendation by the Minister of Militia to Council for an Order in Council. You will find it in the record.

Mr. HUTCHESON: Perhaps, Sir Charles, you are referring to the letter from Major General Hughes under date of the 5th January, 1916. Shall I read that letter from Major General Hughes to His Royal Highness the Governor in Council?

Sir CHARLES DAVIDSON: Yes, there are two papers.

Mr. HUTCHESON: This is the one, I think, you have been referring to, Sir.

Sir CHARLES DAVIDSON: This is the one and this is the other paper.

Mr. HUTCHESON: This is the one of the 5th January, 1916. Shall I read it, Sir?

Sir CHARLES DAVIDSON: Read the two because the one leads up to the other.

Mr. HUTCHESON: This is not a letter; it is a memorandum.

Mr. DEWART: Is it an original? What is the date of the first sale? The first sale was apparently made in the Fall of 1915. Is there no application for an Order in Council to cover that? Perhaps you might let Mr. Fraser stand down and ask Colonel Macdonald as to that?

Mr. HUTCHESON: The first sale I see here seems to have been a very small one and the date is the 17th September, 1914.

Mr. DEWART: The first sale to Vickers?

Mr. HUTCHESON: The 16th September, 1915.

JOHN FRASER.

Mr. DEWART: If Colonel Macdonald, who has these documents, will give us the documents, we would know what application was made to ratify that sale in September.

Sir CHARLES DAVIDSON: Might I suggest that as regards the return to Parliament, No. 276, and the supplementary return, No. 276A, there be a consecutive numbering of the pages?

Mr. HUTCHESON: It would be very much more convenient.

Sir CHARLES DAVIDSON: The typewritten copy of the original return that we have is numbered and we might proceed with that numbering. The original return is numbered up to page 131, and we might proceed with the supplementary return, starting at page 132, and so on.

Mr. HUTCHESON: The original return is numbered up to page 130, and the supplementary return begins again at page 1.

Sir CHARLES DAVIDSON: What I desire to call your attention to at the moment is that you made an inquiry as to the originals of the two papers momentarily referred to by Mr. Hutcheson. They are in the return to Parliament, and I will give you the pages at once. They are pages 30 and 31.

Mr. DEWART: That is of the first return?

Sir CHARLES DAVIDSON: Pages 30 and 31. We will number them through so that we need not speak of the return and the supplementary return. I suppose that would suffice as to their authenticity?

Mr. DEWART: What are the dates?

Sir CHARLES DAVIDSON: 20th December, 1915.

Mr. HUTCHESON: Shall I read the memorandum now, Sir Charles?

Mr. DEWART: What I would suggest is that possibly Colonel Macdonald would be able to assist us by producing the recommendations that no doubt were made for earlier sales. We have a sale as early as the 16th September, 1915, and I think it would be convenient to have Colonel Macdonald produce the application for the Order in Council to make that sale valid.

Sir CHARLES DAVIDSON: They are all returned to Parliament.

Mr. HUTCHESON: They are all in the returns which have been filed and which have been put in. I intend to call Colonel Macdonald later, but it would be going into details of that with which the witness would not be familiar.

Sir CHARLES DAVIDSON: It is well to avoid a duplication of production.

Mr. DEWART: I find among the papers I have nothing earlier than the date of the 20th December or the 5th January, while I find that there were sales made at an earlier date and I take it for granted that there would be some application for an Order in Council authorising those earlier sales.

Sir CHARLES DAVIDSON: I think that in the return to Parliament you have the papers as far back as September, 1915.

Mr. HUTCHESON: It has not been the practice to obtain an Order in Council—

Sir CHARLES DAVIDSON: That will come later; we will see about that.

Mr. HUTCHESON: I wanted to correct my learned friend if he was expecting something of that kind. I am informed that we will not be able to get any evidence from that source.

Mr. DEWART: I am merely referring to this:

Please note Minister's instructions. If this ammunition is to be sold it must be done by Order in Council, and the Minister's inquiry should be fully answered.

(Sgd.) EUGENE FISET,

D.M.

JOHN FRASER.

Therefore, I thought it was the practice to get an Order in Council.

Mr. HUTCHESON: As a matter of fact, these apparently are not the Minister's instructions. On the same memorandum that you are reading from is this instruction—shall I read the instruction?

Sir CHARLES DAVIDSON: You will see it at page 13.

Mr. HUTCHESON: I am reading from page 30 of the return.

C/1718.

Quartermaster General

Sale of S.A. ammunition to Vickers, Limited.

Colonel Allison has applied for 2,000,000 rounds of S.A. ammunition (Mark VI) for his principals, the Vickers Maxim Coy. of London.

There is available in Ordnance charge this amount of ammunition. It is part of that *under suspicion*.

The amount of this ammunition already shipped to this company is 2,986,000. Shall issue be made and at that price formerly charged—\$20 per thousand?

(Sgd.) J. F. MACDONALD,

Colonel, P.O.O.

Ottawa, 20-12-15.

Mr. DEWART: What is P.O.O.?

Mr. HUTCHESON: Principal Ordnance Officer. At the left hand corner is this memo "Minister says O.K. (Sgd.) D. A. Macdonald, 20-12-15."

Sir CHARLES DAVIDSON: That is the Quartermaster General.

Mr. HUTCHESON: The memo. from the Quartermaster General to the Principal Ordnance Officer is signed D. A. Macdonald; D. A. Macdonald being the Quartermaster General. Then there is a memo. below that:

Ascertain where and by whom this is to be used if sold by O.C.

(Sgd.) S.H.

You will note the wording:

Ascertain where and by whom this is to be used if sold by O.C.

(Sgd.) S.H.

The letters "O.C." meaning Order in Council. That is signed "S.H."

Mr. DEWART: There are the Minister's instructions that it was not to be sold without an Order in Council. I would like to see the original of that document.

Mr. HUTCHESON: I would like to see it also. I do not know where it is. I have not seen it yet.

Sir CHARLES DAVIDSON: Complete the reading and we will deal with the matter.

Mr. HUTCHESON: There is also a memorandum as follows:

Q.M.G. Please note Minister's instructions. If this ammunition is to be sold it must be done by Order in Council, and the Minister's inquiry should be fully answered.

(Sgd.) EUGÈNE FISET,

D.M.

Sir CHARLES DAVIDSON: Can the officer of the Militia Department say as to where this original is to be found?

Mr. HUTCHESON: Where will I find this original, Colonel Macdonald? I now exhibit to my learned friend the original of the memorandum which I have just read, and we will examine it together.

JOHN FRASER.

Mr. DEWART: This is very significant, because, as the document has been printed, no one would understand that there was a distinct break. The memo. of the Minister is "ascertain where and by whom this is to be used." And then there is a capital "I"—"If sold by Order in Council.—S. H." That indicates that it was quite distinct, that the Minister's instructions were exactly what the Deputy Minister took them to be.

Mr. HUTCHESON: I do not think that is how the memorandum reads. I find the words "ascertain where and by whom this is to be used" in one line, and then "If sold by O. C.," and opposite that the initials "S. H."

Mr. DEWART: Probably you do not appreciate the point I have taken.

Mr. HUTCHESON: I do, quite.

Sir CHARLES DAVIDSON: What is your point?

Mr. DEWART: The suggestion as it appears in the copy as printed, and as you will see, is that it runs along in this way: "Ascertain where and by whom this is to be used if sold by O. C. (Sgd. S. H.)" a small i being used, whereas it is quite apparent that there were two distinct instructions from the Minister: "Ascertain where and by whom this is to be used"; that forms a distinct sentence, whereas the other begins with a capital "I." Therefore, I conceive that the Deputy Minister, in giving the direction to note the Minister's instructions that it must be done by Order in Council, was not misunderstanding the instructions, or reading into them anything that the Minister himself did not say.

Mr. HUTCHESON: I cannot quite agree with my learned friend's interpretation of the memo. The words "if sold by Order in Council" seem to follow naturally after the previous words "Ascertain where and by whom this is to be used." The words "if sold by O. C." do not in themselves contain any direction that any sale must be by Order in Council. That is a matter of suggestion.

Mr. DEWART: The Minister is sometimes a man of few words.

Mr. HUTCHESON: At all events, we have seen the original, and it will be available afterwards.

Sir CHARLES DAVIDSON: The statement could come from some other witness as to when and how it was written and by whom.

Mr. HUTCHESON: Quite so; we will have it elucidated. Then, following over on page 31 of the return, there is a letter from Major General Hughes—

Sir CHARLES DAVIDSON: Not a letter.

Mr. HUTCHESON: Well, a recommendation.

Sir CHARLES DAVIDSON: I suppose that would be more fitting.

Mr. HUTCHESON: It is as follows:—

H.Q.C., 1718.

January 5, 1916.

To His Royal Highness the Governor General in Council.

The undersigned has the honour to submit for the consideration and approval of Your Royal Highness in Council an application from Vickers, Limited, for the purchase of 4,985,900 rounds of S. A. ammunition, Mark VI.

This is part of Mark VI ammunition which, "under suspicion", was not allowed to be used with rifles in Canada. The price of the ammunition to be \$20 per thousand rounds. This ammunition, while rejected for rifle use is, however, reported to be suitable for the testing of Vickers machine guns now being manufactured in very large numbers in England.

The matter is respectfully submitted.

(Sgd) SAM HUGHES,
Major General, Minister of Militia and Defence.
JOHN FRASER.

By Mr. Hutcheson:

Q. Then, Mr. Fraser, had you seen either of these documents when you wrote your letter to which I have referred?—A. No.

Q. I note in the return which has been filed that since the date within the scope of this Inquiry there have been fairly numerous sales of ammunition by the Militia Department.

Sir CHARLES DAVIDSON: Give the page, Mr. Hutcheson.

Mr. HUTCHESON: Page 133.

Mr. DEWART: Will my learned friend kindly produce for verification the original of the recommendation to His Royal Highness on the 5th January? I presume Colonel Macdonald has that.

Lt. Col. MACDONALD: I have only a copy.

Mr. DEWART: This document of the 5th January says that the Minister "has the honour to submit for the consideration and approval" of His Royal Highness an application from Vickers, Limited. Is the application produced?

Sir CHARLES DAVIDSON: Yes, in the return.

Mr. DEWART: I presumed that there would be some application specifically from the Vickers Company that would accompany the recommendation.

Sir CHARLES DAVIDSON: At pages 28 and 29.

Mr. DEWART: That has merely reference to "our friends in London." I do not think "our friends" would be sufficient to ear-mark the company as being the Vickers Company.

Mr. HUTCHESON: Is there any object in reading that into the notes?

Sir CHARLES DAVIDSON: Yes, you might as well make your history consecutive.

Mr. HUTCHESON: In response to my learned friend's inquiry I read from pages 28 and 29 of the return, the following:—

H.Q. C-1718.

N. Y. December, 18-15.

General D. A. MACDONALD, Q.M.G.

Militia Department,

Ottawa.

Can you ship our friends, London, 2,000,000 Mark 303 six? General Hughes here and approves, but requested me to wire you.

(Sgd) J. WESLEY ALLISON.

Then on the following page:—

MORRISBURG, ONT., December 20-15.

General D. A. MACDONALD, Q.M.G.,

Militia Department,

Ottawa.

Please wire answer Morrisburg my telegram regarding two million more.

(Sgd) J. WESLEY ALLISON.

Mr. DEWART: Is this the 2,000,000 rounds that were not issued that are applied for there?

Mr. HUTCHESON: Yes. My attention is called by Colonel Macdonald to a letter from Mr. Allison to the Quartermaster-General, under date of September 8, 1915, which appears at page 16 of the return.

JOHN FRASER.

Sir CHARLES DAVIDSON: This does not refer to the matter. It has reference to the shipment of 236,000 rounds.

Mr. HUTCHESON: Yes.

Sir CHARLES DAVIDSON: You are dealing with the 2,000,000 rounds.

Mr. DEWART: My learned friend is pointing out that this would form part of the total which was included in the recommendation to His Royal Highness on the 5th January. I take it that that is true and I want to see how it was made up.

Sir CHARLES DAVIDSON: That has not developed yet; that will develop later.

Mr. DEWART: I thought that was his idea.

Mr. HUTCHESON: I am instructed that it does form a part.

Sir CHARLES DAVIDSON: I so understand it but there has been no proof of it.

Mr. HUTCHESON: No, that will come from some other source. Shall I read the letter of September 8, 1915?

Sir CHARLES DAVIDSON: If you do that you will have to pursue it in order to follow up with the subsequent order for 700,000 odd rounds.

Mr. DEWART: Would it be convenient for Colonel Macdonald, as these letters are read by my learned friend, to verify them by such originals as he has?

Mr. HUTCHESON: I have no doubt he could do that as he has the originals in his possession here. The letter that I am now asked to read, if my recollection serves me correctly, has already been read into the record in the evidence previously taken before you, Sir Charles. I do not really see the object of manifolding it in that way.

Sir CHARLES DAVIDSON: Have you before you, Mr. Dewart, what was really delivered to the Vickers Company? Perhaps you might allow me to give you this digest. It has been under my observation before. You may take this memo. There are only three of them. First, there is September 16, 1915: 303, Mark VI, 236,000, the amount paid \$5,024.12. It appears from the evidence already given that that was manufactured in 1912. October 29, 1915—the like ammunition, manufactured in 1912—750,300 rounds, payment therefor, \$15,902.82. Both these appear to have been delivered in Montreal. Now at Quebec, November 26, 1915, 1,999,800 whereof 1,911,800 were of 1906, and 88,000 of 1907, paid therefor \$42,867.82. The total number of rounds thus delivered was 2,986,100. The total payments therefor, \$63,794.76. There you have before you in compact form the whole of the transactions as between the Militia Department and Vickers.

Mr. DEWART: That then explains the amount of the other. There is just a variance of 200 rounds between the total of 2,000,000 and what you have given us, showing it was checked up in some way and it was 200 less.

Colonel MACDONALD: A box of ammunition holds so many rounds. We send complete boxes. He asked for 2,000,000 and he got so many boxes filled.

Sir CHARLES DAVIDSON: One box short.

Colonel MACDONALD: No, we could not give exactly 2,000,000 rounds in the particular number of boxes.

Mr. HUTCHESON: Having put in these references, I will go on to the last point I was taking up with you, and that is this, that I see by this return—

Sir CHARLES DAVIDSON: Pardon me a moment, Mr. Hutcheson, the question under observation was as to the statement of all the sales made by the Government, and you were at the point of referring to that statement.

Mr. HUTCHESON: That is just what I am doing. At pages 133 and 134 of the return we find the record of the sales of ammunition of various kinds subsequent to the date of the scope of this reference. I do not find that there was an Order in Council in connection with any one of these numerous sales?—A. It was not necessary.

JOHN FRASER.

Q. I wish to get your view about that. Was it your view when you wrote that letter that there must be an Order in Council in connection with all sales of ammunition?—A. No, sir.

Q. What was your view?—A. I think, without having seen that statement, that all these cases, or nearly all, are to rifle associations, and I think there are some to the Customs Department and some to the Mounted Police, parts of the Government. This other sale was made to an outside party, outside of the usual run of business, an unusual transaction. Therefore, I asked for an Order in Council.

Q. Are you not mistaken? I notice several sales to the Savage Arms Company of Utica, New York?—A. Well, I had not seen that one.

Q. I just call your attention to the fact that I see in this return, in this list of sales, some sales to the Savage Arms Company of Utica, New York. You tell me you had not previously known of that?—A. My attention had not been directed to that.

By Mr. Dewart, K.C.:

Q. Have you a copy of the return?—A. I saw the return a few moments ago.

By Mr. Hutcheson, K.C.:

Q. The return was not in existence at this time. You had not seen the statement of any sales?—A. It would be in the office, but it had not been brought to my notice.

Sir CHARLES DAVIDSON: In whose office?

The WITNESS: My own.

By Mr. Hutcheson:

Q. You suggest in your letter that there should have been an Order in Council to authorize this sale to the Vickers Company? May I ask you to let us know where we find it laid down in any way that that should be the course followed?

Sir CHARLES DAVIDSON: Did the Auditor General make a positive statement to that effect?

Mr. HUTCHESON: He criticised the action in this sentence in the letter: "Some time prior to the 31st December last this Department sold to Colonel J. Wesley Allison, without the authority of the Governor in Council, over 3,000,000 rounds of ammunition at \$20 per thousand."

Q. I take it that that was intended as a criticism of the sale, without having first procured an Order in Council?—A. At that time, at the time I wrote that letter, not at the time I wrote to the Militia Department asking for an Order in Council.

Q. I am speaking of the time you wrote this letter?—A. Yes.

Q. That statement was intended, as a criticism of the failure to procure first an Order in Council authorizing the sale?—A. I was pointing out to the Minister of Finance that this transaction had taken place, calling his attention to it. He is my medium of communication with Council.

Q. Finding fault with the absence of the Order in Council?—A. Well, I would hardly say finding fault; I was setting out the facts.

Q. Assuming it was a fact that there was no Order in Council, was that a matter to be found fault with in your view at that time?—A. I considered there should be an Order in Council.

Q. Exactly. You say in your view there should have been an Order in Council. Can you direct us to anything that there may be to define the necessity for such Order in Council?—A. The usual practice in the disposal of anything out of the ordinary run, an unusual transaction of that sort, of that magnitude—I do not know that there is any law on the subject, but it is the practice to get the consent of the Governor in Council.

Q. Did you say then it was the usual practice of the Militia Department to obtain the consent of the Governor in Council in the case of every sale of ammunition, or every military material not sold to rifle associations or other organizations connected in some way with the military organization of Canada?—A. That is a deep question. I could not recollect all the sales of the Militia Department, but generally speaking the custom of selling to rifle associations in small quantities for riflemen has been a long-standing practice. I do not know how it was authorized. I have never inquired. There are some things we accept, and I presume it is regular. I take it as regular, but this was an unusual transaction.

Q. Do you say it was irregular?—A. Well, I would say it was unusual and ought to have been covered by an Order in Council.

Q. If you are able to say that you can perhaps tell us exactly why it should be covered by an Order in Council? Do you say only because of custom?—A. That is all that I can say just now—the general principle that no department is allowed to alienate government property unless there is something in the constitution of that department, or in regulations laid down by Council, that would apply there. There is a lot of business, small business, of the department that they can do without going to Council.

Q. Where do you draw the distinguishing line between small and large?—A. Well, the Militia Department wants to sell an old rifle range, or one that does not suit their requirements. There is not any question there at all about its being necessary for them to get an order in council.

Q. By "necessary" you mean customary?—A. Customary, and I believe necessary.

Q. By law?—A. Well, I do not know why they go to Council if it is not necessary.

Q. You are invoking the law of custom only, are you not?—A. Just now, there may be something back of it; these customs usually originated perhaps in law, or perhaps something that showed a necessity for it. I could not tell you offhand why a great many things are done, but we have done them for years.

Q. My instructions are that there was no custom and no necessity requiring an Order in Council in a matter of this kind. You are of a different impression?—A. Might I ask you a question in return? Why was that recommendation made to Council if it was not necessary.

Q. Oh, that will be explained. I cannot explain it. I am not giving the evidence, but that will be explained.

Mr. DEWART: I take it, Mr. Fraser was referring to the minister's letter of the 5th of January.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: His recommendations.

The WITNESS: Yes. His own deputy minister thought it was not necessary.

By Mr. Hutcheson:

Q. Then I find that in the same autumn of 1915 there were two very considerable sales of ammunition to the Savage Arms Company of Utica, one of 50,000 rounds, and the other 100,000 rounds. I presume those transactions came under your notice?—A. I do not recollect of having seen them.

Q. Must they not have come under your notice, in your opinion?—A. Not personally. They would come through the office.

Q. There appears to have been no Order in Council in either of these cases.

Mr. DEWART: How do you say that?

Mr. HUTCHESON: In the right-hand column of this document, there is no return giving the authority.

JOHN FRASER.

Mr. DEWART: I submit the right way to prove these sales is not by the Auditor General but simply by somebody who made up the return.

Mr. HUTCHESON: I am asking the witness if the fact of the absence of an Order in Council came to his knowledge in regard to these sales.—A. It did not come to my notice.

Q. Did the sales come to your notice?—A. Not personally, they did to the notice of the office.

Q. Did you personally have any knowledge of the sales at all?—A. Not personally, I have no recollection.

Q. Not until to-day?—A. Oh, yes, I saw the return that was brought down in Parliament.

Q. Did you make any request for an Order in Council in either of these cases?—A. No.

Q. Why?—A. Because I did not know of them until I saw them in the return.

Q. And when did you first see them in the return?—A. Whenever that return was brought down in Parliament, I have forgotten the date, a few weeks ago.

Q. Would you say that if you had noticed them coming through your office at the time when they did come through your office you would have complained of the absence of the Order in Council in this case?—A. I won't say that.

Q. Why not? Why do you draw the distinction?—A. Well, they might not have made the same impression on me as the other transaction did.

Q. Possibly the connection of Brother Allison with the other transaction—A. Frankly, it had something to do with it.

Q. Was not that the real reason why you made the—might I call it an attack?—A. It is not an attack.

Q. Criticism?—A. You could hardly say it was a criticism.

Mr. DEWART: A request.

Mr. HUTCHESON: He says it is a criticism.

The WITNESS: I do not put it as a criticism. I considered it part of my official duties to call the attention of the Minister of Finance to it.

By Mr. Hutcheson:

Q. Had you any information regarding this transaction other than what appeared in the documents going through your office?—A. I do not know that I could answer that question.

Q. Is that because your memory does not serve you?—A. I would not be positive about it, whether before or after that date.

Q. You cannot recall whether you had any information from any other source before that date, or at the time of writing that letter?—A. No.

Q. You state in the letter that the Department has been buying ammunition since the declaration of war at \$33 per thousand. Did you secure that information from someone in the Department—A. No.

Q. How did you learn it?—A. From the vouchers.

Q. That is the fact, is it?—A. Yes.

Q. What kind of ammunition had they been purchasing at \$33 a thousand?—A. 303.

Q. What mark?—A. I do not know.

Q. You cannot say?—A. I could not say without reference to the documents.

Mr. DEWART: This is hardly fair. If my learned friend wants the Auditor to speak with accuracy he should have brought these vouchers with him. It is not quite to be expected that he could speak with accuracy without vouchers. If my learned friend wants the documents, I have no doubt the Auditor General can procure them

JOHN FRASER.

Mr. HUTCHESON: He assures me that it was from vouchers that it came to his notice that \$33 a thousand was paid for ammunition .303, but the mark he cannot recall.

The WITNESS: No, I cannot, but it is ammunition bought within the last two years, since the outbreak of the war, and I presume it was the regular ammunition that they were using.

By Mr. Hutcheson:

Q. At the time of the writing of that letter, had you heard anything at all about ammunition having been found to be defective?—A. No.

Q. Did you think it worth your while to make any inquiry of anyone in connection with the Militia Department before asserting that there was a loss of \$45,000 to the Government on that transaction?—A. In my letter to the Militia Department of the 7th March, I said I should like to know what the reason is for selling at \$20.

Q. Did you make any inquiry of anyone? Did you speak to any person connected with the Department?—A. Well, that would be very hard for me to answer.

Q. You cannot recall?—A. Well, I would not attempt to try to recall, there has been so much speaking over so many things. We are every day discussing business.

Q. Was it after the writing of that letter that you learned that there was a special reason for selling this ammunition at the \$20 figure on account of it having proved defective?—A. Which letter?

Q. The letter of 3rd April in which you point out this loss of \$45,000.

Mr. DEWART: Rather an involved question.—A. I do not know. I have heard within the last few months that it was defective ammunition—at least asserted that it was defective.

Q. Could it have been in your mind that the ammunition which was being sold at \$20 was defective, when you read that letter?—A. No, I thought it was good ammunition.

Q. You just assumed that?—A. No question of the kind arose in my mind. The ammunition sold to the rifle associations I presume was good ammunition. They sold it to them at \$20 a thousand.

Q. So far as your memory serves you, beyond writing a letter to which you did not receive a reply, you made no other inquiry before writing this letter of 3rd April?—A. There is no written inquiry.

Q. I do not confine you to written inquiry. Was there any inquiry, written or verbal, so far as your memory serves you?—A. I was told by General Fiset, but at what time I do not recollect, whether it was before or after that letter. I met him one day, and in a casual way told him he had never answered my letter of the 7th March, and he said: no, he was waiting for the Order in Council, or something of that sort, and I think I asked him then what was the explanation, I think that was the time, and he said that it was defective ammunition. This was after I had written that letter.

Q. You could not have known that at the time of writing the letter, I take it.

Mr. DEWART: He does not say it was defective.—A. I was told so.

By Mr. Hutchison:

Q. You could not have told that at the time of writing the letter?—A. Oh, yes, I could have been told.

Q. Well, were you?—A. I have no recollection of being told.

Q. I gather from your evidence that your opinion now is that you had not learned anything about defective ammunition when you wrote this letter?—A. I might have heard before I wrote that letter that the ammunition was defective or that it was said to be defective.

Q. And if you heard that, would that not suggest something to your mind as a reason why the price should be lower than \$33, perhaps?—A. Oh, I am accustomed to receiving explanations that I do not accept.

JOHN FRASER.

Q. Had you received any such explanations that you did not accept in this matter before you wrote the letter?—A. I have had none yet.

Q. Then we will pass on to the next matter in the letter. You say it is alleged that this ammunition has been sold to Vickers, Limited, for testing purposes. Can you recall who told you that?—A. The statement of the Premier in the House.

Q. That statement had been made prior to the writing of the letter?—A. Yes, it is in 'Hansard.'

Q. This letter is dated 3rd April?—A. Yes.

Q. Was the matter under discussion in the House prior to that?—A. There was a return called for or some questions asked as to sale of ammunition. The Premier replied, mentioned a number of sales, I have forgotten what, he did not give any quantities, but one of the items he mentioned was a sale of ammunition to Vickers, Limited, which he said, as near as I can recall the words, that it was alleged it was for testing purposes.

Q. And that was the only information you had upon that point at that time, was it?—A. That is what I referred to there.

Q. The statement in the letter reads: "I can hardly credit this statement, owing to the magnitude of the sale." Had you then information about the magnitude of the Vickers business, the extent of their manufacturing machine guns?—A. Yes.

Q. You knew that?—A. In a general way.

Q. You knew they were manufacturing machine guns?—A. Yes.

Q. Were you informed as to the extent of their machine gun manufacture, the very large number they were making?—A. No.

Q. Requiring to be tested?—A. No.

Q. What is the name of the Vickers Company in London?—A. Vickers, Limited. It was at one time Vickers Maxim. I see it referred to nearly always as Vickers, Limited. Then there is the Canadian Vickers they speak of in Montreal.

Q. Then you say you had no information from any source as to the magnitude of their operations and the quantity of ammunition they might require for testing purposes?—A. That did not concern me at all. I reasoned in this way: we were buying ammunition, and we were clamouring for ammunition, and at the time when we were doing that we were selling ammunition at \$20 a thousand. I did not see any reason why Vickers should get it at that figure any more than anybody else.

Q. I suppose you realize now that if you had asked the question of any of the gentlemen in charge of the Militia Department you would have received the explanation?—A. I would have received an explanation; yes, no doubt of it.

Q. Did you not think it worth your while to ask?—A. There was my letter, and they did not think it worth while to reply.

Q. And you would not follow it up with any further inquiry for that reason?—A. No.

Q. Then you say, "I have reason to believe that the ammunition was resold at an advance of about twenty-five per cent." Could you help us by telling who told you that?—A. No, sir, I won't.

Q. Because you do not know?

Mr. DEWART: At this point I desire to take this exception: I believe evidence will be given at first-hand, if the opportunity is allowed, by those who can speak with reference to these matters, and I submit that the evidence of the Auditor General upon this point, which would be merely hearsay, should not be asked for at this stage. I am prepared to give the undertaking that, with sufficient opportunity to be given, the evidence of witnesses who can speak absolutely with reference to this matter will be given.

Mr. HUTCHESON: I may say that at the present moment I do not know the names of any such witnesses who may be called, and my sole desire in questioning the Auditor General is to be put on the track of getting useful information.

JOHN FRASER.

Mr. DEWART: If my learned friend and I had an opportunity of discussing the matter together, we might be able to discuss it more profitably.

Mr. HUTCHESON: I think the Auditor General should reply to my question, and I press it.

The WITNESS: My information is confidential.

Q. Whatever you were told in that regard was given to you confidentially, and you decline to tell the name of your informant to His Honour, the Commissioner? —A. Just at this point I want to put myself right with the Commission. I think the Commission understands my position. I have powers of examination myself in connection with my work, and I do not discourage confidential information, and any obtained in that way I do not think I should disclose. I should have to decline to disclose anything that I received as confidential.

Q. I take it from your answer that you do recall the name of your informant.

Mr. DEWART: He has not used the word "informer." I object to my learned friend using a word that has a nasty significance.

Mr. HUTCHESON: I said "informant" not "informer," and that is not at all objectionable. It may be quite proper the Auditor General should not disclose it. I leave that to the Commission.

Mr. DEWART: If you say "the source of his information" and not the "informant" I will be satisfied.

Mr. HUTCHESON: I think I will have to do it in my own way.

Q. You have in mind the name of the informant, and you think you should not disclose the name here?

Sir CHARLES DAVIDSON: I might state that from the outset of our investigation I have laid it down as a general principle that these confidential sources of information should be regarded as privileged, otherwise our inquiries would have been seriously fettered. Information has been given constantly throughout our sittings in a private manner to Mr. Thompson. He has utilized it as regards other efforts to secure evidence, and on two or three occasions I have declined to permit questions which would reveal the source of the information. What I might suggest at the moment is a question in this form: Can you suggest the name of any witness who will be able to afford us information on this point?

Mr. HUTCHESON: I am quite willing to adopt that suggestion. Is that not in substance what I have asked?

Sir CHARLES DAVIDSON: Oh, no, quite a distinction. Don't you see the source of his information may not be a party at all who could supply evidence or who could be produced as a witness. I think the position is one that should be satisfactory to you at the moment.

Mr. DEWART: I was going to say that if my learned friend would not press that question here—

Sir CHARLES DAVIDSON: He is not going to do it.

Mr. DEWART: If my learned friend would speak to Mr. Fraser privately he might give him the information. I have not been able to get it myself.

Sir CHARLES DAVIDSON: Put the question I suggested.

Mr. HUTCHESON: I will do so. I fully agree with the view expressed by the Commissioner that certain communications which are really confidential ought to be privileged, but at the same time we must guard against excuses being made, as is sometimes done—I do not say in the present instance—of a witness shielding himself behind alleged confidences when it is really important the matter should come out.

Sir CHARLES DAVIDSON: I do not think the Auditor General would do that.

JOHN FRASER.

By Mr. Hutcheson:

Q. Can you suggest the name of any witness who would assist us in that direction?—A. I prefer not to-day.

Mr. HUTCHESON: Are you satisfied with that position, Sir Charles?

Sir CHARLES DAVIDSON: The answer might have been put in a more definite form. Is there any hope of the future then?

The WITNESS: Certainly.

By Mr. Hutcheson:

Q. What about the remainder of the sentence in which you say that you have reason to believe that its destination was not the Vickers, Limited. Can you give us to-day any information which prompted you to say that in the letter?—A. No, I could not give it.

Q. For the same reason?—A. Yes.

Q. Then may we hope that on some other occasion you will supply us with information which will enable us to follow that line up?—A. Yes, I think it has been admitted already.

Q. If it has been admitted I have no knowledge of it?—A. I think it is in Hansard repeatedly, that it came from the British Admiralty.

Q. I do not feel bound to question you with regard to Allison's connection with the matter, which I do not think would further us in this matter at all?—A. That is a matter of opinion.

Mr. DEWART: I do not desire to question Mr. Fraser at present.

The witness retired.

COLONEL J. F. MACDONALD, recalled.

By Mr. Hutcheson, K.C.

Q. You have already told us that you are Principal Ordnance Officer under the Quartermaster General?—A. Yes.

Q. I am calling your attention to a return that has been filed this morning, at pages 133 and 134, of which appear statement showing sales of 303 S. A. ammunition. This statement, I take it, begins at the date indicated in the Order in Council constituting this inquiry?—A. This is a statement prepared in my own office. It is a statement called for in Parliament, or a question asked in Parliament.

Q. How long have you been connected with the Militia Department?—A. Since about 1903.

Q. And how long in your present capacity?—A. I am afraid I cannot tell you exactly; about six or seven years.

Q. During all the time when you held your present position, I take it that ammunition was being manufactured by the Department?—A. Yes.

Q. At the factory at Quebec, is it?—A. Yes.

Q. And was that ammunition being sold and disposed of?—A. Yes, whenever called for.

Q. Is there anywhere laid down any rules or regulations governing the Department of the persons or associations to whom the ammunition may be sold?—A. There are certain regulations that it may be sold to rifle associations, or military, or semi-military organizations.

Q. Where are those regulations to be found?—A. I think probably in the regulations in force in the Department dealing with this—

Q. They are our own regulations?—A. Yes, Canadian regulations, and there are some British regulations that also govern in a way where our own do not touch on the

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particular point. The Army Ordnance Service in England, Part I or Part II, I have forgotten which, of the regulations there, are incorporated into the Canadian regulations.

Q. That is the practice then?—A. Yes.

Q. You can let us have copies of those regulations?—A. Yes.

Q. Then to expedite matters you could perhaps tell us now, is there anything anywhere to confine the objects to whom you may dispose of the ammunition to the associations which you have mentioned?

Mr. DEWART: Would it not be preferable to have the documents?

By Mr. Hutcheson:

Q. How long would it take to get them?—A. I could have them here this afternoon. I would have to look them up. It is perhaps more custom than anything else, being in the Force they can buy this ammunition; orders come out from time to time and the quantities that may be sold are possibly limited.

Q. We ought to have the Regulations and see the scope of them?—A. Yes.

Q. And in the meantime you can speak of the custom?—A. Yes.

Q. While you hold that position what has been the custom regarding the disposal of ammunition to any person outside of Canada or outside of the kind of association which you have already mentioned?—A. Well, it is looked upon that the Quartermaster General and the Militia Council and the Minister are sufficient authority to make sales. The sales are authorized through the regular channel, the Minister, the Militia Council, and the Quartermaster General. Certain sales were made at the request of the Master General of Ordnance. Take that sale to the Savage Arms Company, the Master General of Ordnance asked that the sale be made.

Mr. DEWART: Where is the authority for that?

Sir CHARLES DAVIDSON: It is included in the return.

Mr. DEWART: It has been suggested that the witness might have the document.

The WITNESS: I am not sure that I have the file. That was a sale in connection with the testing of certain of our machine guns we were purchasing from that company. The ammunition was required in a great hurry.

By Mr. Dewart:

Q. And it was for Canadian purposes?—A. Yes, for testing purposes.

By Mr. Hutcheson:

Q. The Savage Arms Company were manufacturing machine guns?—A. Lewis machine guns.

Q. For Canada?—A. Yes.

Q. And this ammunition was sold to them for the purpose of testing those guns?—A. Yes.

Q. On the 11th of January, 1916, I see by the return, first a sale of fifty thousand and then a sale of one hundred thousand, both Mark VII?—A. Yes, that is quite likely. I am afraid I have not the file here. If my memory serves me right I was asked to make one shipment by express to be followed by another shipment by freight. It may be at the present moment I have lost track of the sale.

Q. I think that perhaps is on the return?—A. I think the correspondence is here. Yes, it is in this file to Parliament. I have not the files here, but this is it.

By Mr. Dewart:

Q. This is all Mark VII ammunition?—A. Yes.

Mr. DEWART: What is the price approximately?

Mr. HUTCHESON: Approximately \$31 and some cents.

The WITNESS: I do not see a voucher in this.

By Mr. Hutcheson:

Q. I do not think we are concerned about how they asked to have it sent, whether freight or express?—A. No.

Q. What I desire to know is, within your experience as Ordnance Officer, has it ever been the custom to obtain an Order in Council approving of any such sale as we have been discussing?—A. No, never known of one.

Q. I am dealing with the Savage sales first?

MR. DEWART: He says the Savage sales were for the purpose of testing guns used in Canada.

MR. HUTCHESON: Yes, I am asking the question whether it was the custom to have an Order in Council authorizing any such sale as the Savage sale, and he says no. I am not going to stop there. It is suggested that I ask you the question, had there been any other sales such as those made to the Savage Company, in your experience or recollection?—A. If my memory serves me rightly there was one some time ago, and I cannot pick it out at the present moment.

Q. It was prior to the date covered by the scope of this inquiry?—A. Yes, I think no Order in Council was secured in that. I should have to work back. It runs in my memory there is one some years ago, but I never have seen an Order in Council going through for a sale of ammunitions.

Q. In any case of any sale of ammunition since you have been in the Ordnance Department, has there ever been an Order in Council procured to authorize the sale? A. There is only one case in which it possibly might be, and I would have to look into that. It is a case of a sale of rifles to the New Zealand Government. There may have been some ammunition. It runs in my memory that there was some ammunition sold to them at that time, but if so the sale of those rifles was by an Order in Council.

Q. That was covering some sale of rifles?—A. Yes. I do not think there was any sale of ammunition.

Q. Not of ammunition—just of rifles?—A. Just rifles.

Q. Then you are speaking subject to correction to that extent that unless there may have been some ammunition in that transaction, which you do not at the moment recall, you have no knowledge of any Order in Council at any time having been procured to authorize any sale of ammunition?—A. No.

Q. Who then has done the authorizing?—A. The Quartermaster-General procures the authority for the sale.

Q. Procures the authority?—A. Procures, and he is authorized—he either authorizes it himself or procures it from the Minister or Deputy Minister or Council.

Q. He either authorizes it himself or procures the authority from the Minister or Deputy Minister or Council—you mean the Militia Council?—A. The Militia Council, I should say.

Q. I notice a difference between the prices of Mark VII and Mark VI in this return. When did the Department commence to manufacture Mark VII?—A. That I am afraid you will have to get from Colonel Harston. I can only roughly guess at it.

Q. Perhaps you can give us an approximation of it in anticipation of calling Colonel Harston?—A. No, I am afraid I could not even do that because I have nothing to do with that part of it. I simply receive and store, and issue this ammunition as it comes along. I could not give you an idea within two or three years. I think for some years they experimented with it.

Q. I do not know that it is made very clear exactly. What is the distinction between Mark VII and Mark VI. We had it pointed out that there is a difference as to the kind of bullet that is used in Mark VII with aluminum tip?—A. Yes, one comes down to pretty much of a pencil point. Harston will give you particulars about that. I think there is a difference in the propelling charge.

Q. We will have to depend upon Colonel Harston for all that class of information?—A. Yes.

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Q. Have you anything to do with fixing the prices at which this is to be sold?
—A. No.

Q. You merely carry out instructions. Who does fix the prices?—A. The prices as a rule are fixed between the Dominion Arsenal and the Director of Contracts. They fix the prices between them. It is based on the cost.

By Mr. Dewart:

Q. Who is the Director of Contracts?—A. H. W. Brown. They make an estimate of what it has cost them, and those prices come down to us, and it is based on that that the charges go through.

Q. Has there been a uniformity in the prices charged since the date with which we are concerned in the sale of Mark VI? I mean a practical substantial uniformity?—A. Yes, \$20 a thousand has been the run of it, as far as I can see. You may have some different figures there.

Q. I notice here the fifth item, to J. D. Cummings, Copper Cliff, at \$11.—A. Might I look at that. There may be an explanation, because the ammunition is not always the same. I see it is gallery practice ammunition. This has to do with gallery practice ammunition, the little lead slugs we sell. It is not service ammunition at all.

Q. Although it is called "Mark VI"?—A. It is marked "G. P."

Q. That is down below?—A. Yes, is for short distances.

Q. This fourth item from the bottom, page 183, Rifle Association, 1,100 rounds, I presume that is the contents of one case?—A. One ammunition box.

Q. Also carried out at \$11. There are no initials such as I find above. Is that a similar matter, or can you recall?—A. I cannot recall from this.

Q. Where did that sale take place?—A. St. John.

Q. St. John?—A. That is St. John, N.B.

Q. You will bear in mind that we would like the regulations regarding the disposal of ammunition generally that you referred to earlier in your examination?—A. Yes.

Q. O. C. First Division means Officer Commanding?—A. Officer Commanding the First Division.

Q. What does M. O. mean?—A. Militia Order.

Q. The price of Mark VII appears to be fairly uniform at \$30 and apparently in some instances something was added to the \$30?—A. It may be boxes.

Q. At what rate per box were you charging?—A. The boxes differ in price. Some of them were much more than others.

Sir CHARLES DAVIDSON: You have an average though.

The WITNESS: Some we sold at \$1.44 and some at \$1.50.

Sir CHARLES DAVIDSON: You have an average of \$1.47.

The WITNESS: We sold them at \$2.27 and we sold them at fifteen cents.

By Mr. Hutcheson:

Q. I see the last item was a comparatively large sale to the Royal North-West Mounted Police, 500,000 rounds, the amount paid being \$10,000. This is at the \$20 rate, without anything added for boxes, apparently?—A. The boxes would be returned to us.

Q. You would get your boxes back?—A. Yes.

Q. You were questioned formerly before his Honour the Commissioner regarding the sale to the Vickers people through Colonel J. Wesley Allison, I see by the record?—A. Yes.

Q. Have you any additional information you can give us regarding the matter or are we to take it the evidence you gave on that occasion covers all you can say?

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A. As far as I can recall it covers all I can say. I was pretty well examined at that time. I do not remember anything more that was not brought out.

Q. Your evidence appears at page 36 of the typewritten copy of the evidence as formerly taken and you may be able to explain something that does not appear there—who is Colonel Helmer?—A. Colonel Helmer is the Director of Musketry.

Q. Where is he?—A. In the Department.

Q. At Ottawa?—A. Yes.

Q. Was he not an expert?—A. Yes, I should say he is an expert in rifles and ammunition.

Q. Has he any personal knowledge of this defective ammunition?—A. I should think he would know all about it, perhaps as much as anybody in the Department.

Q. Would he know as much as Colonel Harston?—A. No, Colonel Harston does the testing and has all the machinery for that.

Sir CHARLES DAVIDSON: Is Colonel Harston not in possession of the records of the different ammunition manufactured?

The WITNESS: Yes.

Mr. HUTCHESON: I desire to avoid as far as possible repeating the evidence already given, and I wish to submit Colonel Macdonald to my learned friend for such examination and as deep probing as he may desire to submit him to.

By Mr. Dewart:

Q. I would like, Sir Charles, before taking up the cross-examination, or the examination, or the co-examination, if I may put it in that way, of Colonel Macdonald, if the Colonel could give us such documents and papers as relate to what appears upon pages 133 and 134 of the statement, showing the sales of the .303 ammunition since April of 1914. The authority is mentioned in each case, and if there are any documents in connection with these sales, and Colonel Macdonald can produce them, I should like that he would do so this afternoon.

Sir CHARLES DAVIDSON: All the ammunition is .303 ammunition; it differentiates as to Mark VI or Mark VII.

Mr. DEWART: Thank you, sir, I should have said such portion of this return on these two pages I have mentioned as relates to Mark VI ammunition.

Sir CHARLES DAVIDSON: As I understand it, Mark VII is a very high-class ammunition and is issued now with satisfaction to the troops at the front, and continues to be so issued; is that it?

General MACDONALD: It is issued now in Canada as well.

Sir CHARLES DAVIDSON: It is very high-class ammunition. And as regards the details of manufacture, it appears from the evidence taken previously that it is beyond reproach.

Mr. DEWART: If Colonel Macdonald could say exactly this afternoon what the authority was for each of the issues of the Mark VI ammunition that is referred to in this return, on the two pages I have mentioned, what make of ammunition it was, and such information as that, it would facilitate the inquiry.

Colonel MACDONALD: I may explain it by saying that this is a precis of replies that I have received from the Ordnance officers from coast to coast. This ammunition was sold by the Ordnance officers under instructions received from the district or divisional commanders, and they have reported that to me. When the inquiry was made I sent a telegram to every Ordnance depot in Canada asking for a complete return. There may have been two or three of these sales that went through my own office, and as to these I can produce any papers in connection with them; they are for small amounts.

Colonel J. F. MACDONALD.

MR. DEWART: Perhaps by reference to the papers Colonel Macdonald would be able to show what the details were as to the exact authority, and what was said about it, and so on.

COL. MACDONALD: As you will notice the first item referred to on that sheet is the sale that took place at London, Ontario, of 500 rounds to the Waterloo Rifle Association.

MR. DEWART: I am not asking you now to give me details with reference to it. I am asking you if this afternoon you could give us the authority showing how it was dealt with; showing whether it was referred to as condemned ammunition, and the year in which it was manufactured, and such data as would help in getting a comparative statement with reference to the other Mark VI ammunition that was sold outside of what was sold to the Vickers people. If that were ready this afternoon I would be prepared to go on with the examination.

COLONEL MACDONALD: I do not know how I could get that information from these, distant points.

MR. DEWART: There must be some sales made at headquarters. There is one for example made to the Customs Department.

COLONEL MACDONALD: There is a return to Parliament on that and it is now before the Commission.

SIR CHARLES DAVIDSON: That is ammunition that was sold to the Customs Department for one of their revenue cruisers.

MR. DEWART: You see, you had that matter under consideration, Colonel Macdonald.

SIR CHARLES DAVIDSON: The evidence is given that that was for a patrol boat of the Customs Department. They wanted that ammunition for the steamer *Margaret* and they asked for twenty-five rifles at the same time.

MR. DEWART: What data can you give us with reference to when that ammunition was manufactured?

COLONEL MACDONALD: That is for the small amounts?

MR. DEWART: Yes.

COLONEL MACDONALD: I do not know I could get that. There are 1,100 rounds issued in one item there from the stock they happened to have on hand.

MR. DEWART: If you go as far as you can towards getting that information in connection with the other matters, it may shorten the time of the Commission. I do not want to examine Colonel Macdonald until I get that information a little more fully.

COLONEL MACDONALD: There are sales here to the Vickers, sales to the Savage Automatic Arms Company, sales to the Customs, sales to Vickers again; I have all the correspondence affecting that. With regard to small sales like the others I would not have the data with regard to them. I can quote the paragraphs from the regulations which allowed them to sell it at the rate of two cents a round to rifle associations, and so on. The other sales for example to the Northwest Mounted Police I can produce the correspondence as to that. I have not the details with regard to the little items for gallery practice ammunition.

SIR CHARLES DAVIDSON: These are small local sales. The regiments apply to local headquarters and they issue to them, and they do not come to Ottawa at all.

COLONEL MACDONALD: They never come near us at all. I wired for this information because the Pay Branch of the department did not have it.

MR. DEWART: I have gone as far as I can this afternoon but I think it is only fair that I should make my position clear. I am afraid that owing to the mass of details there is in the case I cannot with any justice to myself undertake to go on continuously with this inquiry now. It is quite apparent that we are not going to be

Colonel J. F. MACDONALD.

able to have some witnesses whom we desire to have present. Under these circumstances I would like to consult with my learned friend, Mr. Hutcheson, during the adjournment, for luncheon, as to whether there should not be a sufficiently lengthy recess taken to enable me to study better the details of the case; an adjournment perhaps for a fortnight.

Sir CHARLES DAVIDSON: For a fortnight?

Mr. DEWART: Well, the case is one that will require consideration, and I want to make the suggestion in advance so that it may be a subject for consideration.

Sir CHARLES DAVIDSON: I was contemplating having these subpoenas served, calling on the witnesses to appear here the day after tomorrow.

Mr. DEWART: I understand that Colonel Harston is ill.

Sir CHARLES DAVIDSON: Colonel Harston is a military officer and is always available. In that respect he is in a different position from Mr. Orr Lewis and Mr. Allison.

Mr. DEWART: I cannot say any more at present. I do not want to leave the Court under a misapprehension as to the course I may be able to take. Will you be good enough to allow us to adjourn now.

Sir CHARLES DAVIDSON: Very well.

An adjournment was taken for luncheon until two o'clock.

When the Commission resumed at two o'clock:

Sir CHARLES DAVIDSON: We should settle now when Mr. Lewis is to be subpoenaed for.

Mr. HUTCHESON: Whatever time you say, sir, I shall endeavour to arrange my convenience to that.

Mr. DEWART: I shall endeavour to arrange my work so as to be here on Thursday morning. I do really want to get away but I quite appreciate the importance of having certain witnesses here on Thursday and I am quite prepared to leave any other work I have so as to facilitate that.

Sir CHARLES DAVIDSON: That is very gratifying.

Mr. DEWART: If you sit on Thursday, sir, I shall cut out all my other work and be here, but, I would like to go home to-night for personal reasons and be back on Thursday morning.

Sir CHARLES DAVIDSON: We will fix the sitting then for ten o'clock on Thursday morning; is that too early.

Mr. DEWART: Oh no.

The examination of Colonel J. F. MACDONALD was then resumed:

By Mr. Dewart, K.C.:

Q. Colonel Macdonald, you were examined the other day, I think it was on the morning of the 13th of May, the same day that the motion came up in the House of Commons, and you gave some evidence with reference to this matter then—in regard to this statement that has been furnished showing the sales of 303 ammunition since I think the 4th of August, 1914, at the outbreak of the war; was that statement that has been spoken of at pages 133 and 134 prepared by you?—A. Yes.

Q. I refer to the statement starting with the London item of the 28th of September, 1914?—A. Yes, it was prepared in my office.

Q. From what data?—A. Mostly from information supplied from the various depots shown on the margin.

Q. And which data you have?—A. Which data I have not.

Q. Why?—A. Where these issues on payments take place in districts they act under the regulations without asking authority.

Colonel J. F. MACDONALD.

Q. Am I to understand that in reference to a great many issues of the ammunition there was no correspondence?—A. Absolutely none.

Q. How then was it issued?—A. It is issued under the regulations which allow us to sell ammunition to rifle associations, cadet clubs, or military or semi-military organizations.

Q. May I suggest that some communication either by letter or by telegram must have reached some part of the Militia Department before any ammunition could have been issued?—A. No, the Ordnance Officers act under the instructions of the District Commander.

Q. How was the suggestion of the District Commander communicated to the Ordnance Officer; was it by wire?—A. From where; from headquarters?

Q. Take the first item, issued 28th December, 1914, to Edward Cunningham for Waterloo Rifle Club?—A. 500 rounds blank .303 ammunition.

Q. Yes?—A. Yes—

Q. Yes, take that as an instance—how would the request be communicated to anybody that would make it effectual?—A. Mr. Cunningham in all probability wrote.

Q. Have you the record of that?—A. I have not.

Q. Where is the record?—A. It may be at London or it may have been a personal application.

Q. What you mean to say is that where ammunition was issued, for example, at London, Toronto, Montreal, or Halifax, if it was in small quantities and required for some rifle organization then it was dealt with locally?—A. Yes.

Q. And the authority of the local officer was sufficient?—A. The power of the local officer was sufficient for the Ordnance Officer to make an issue on payment.

Q. So that we do not require particularly to consider any issue of ammunition that was intended for the use of our Canadian forces?—A. What do you mean by that?

Q. If it was required for training or other purposes, we need not consider particularly whether an Order in Council was necessary or not in issuing the ammunition intended for the Canadian forces?—A. No.

Q. So far as the disposal of ammunition is concerned, you would not undertake to make a recommendation for the disposal of ammunition outside of that used for the Canadian forces—I am not speaking of your own recommendation only. I quite realize that there is a proper train of authority through which it has to pass.

Sir CHARLES DAVIDSON: What do you mean by the expression "Canadian Forces?"

Mr. DEWART: The Canadian Militia or the Expeditionary Force, I include both.

Sir CHARLES DAVIDSON: You do not mean to include rifle associations, for example?

Colonel MACDONALD: He means military or semi-military organizations.

Mr. DEWART: I take it from what Colonel Macdonald has said that the local authority was sufficient to deal with the local military organization and to issue ammunition for them, but what I meant to convey by my question was as to whether so far as the Militia or the Canadian Expeditionary Forces were concerned Colonel Macdonald felt that he had the power to make a recommendation for the issue of ammunition outside of such ammunition as was being furnished to or for the use of the Canadian forces.

Colonel MACDONALD: Outside of any sales provided for in the regulations and for the forces therein mentioned I would not make any recommendations, I would ask for instructions.

Mr. DEWART: Will you produce the regulations under which you act in regard to these matters? You might be good enough to read them so that they might be extended on the notes, in order that we may know exactly what the powers of the local officers were.

Colonel MACDONALD: The regulations for the equipment of the Canadian Militia, Part I, deal with ammunition and the issues.

Colonel J. F. MACDONALD.

Mr. DEWART: I notice that in that book you have in your hand there appears to have been many amendments made to the regulations; are these regulations subject to revision?

Colonel MACDONALD: Oh, yes, these are all general orders; they have gone through practically in the nature of Orders in Council.

Mr. DEWART: So that the general regulations under which you would act or under which any officer would act in a local command in distributing ammunition, must be under the authority of an Order in Council.

Colonel MACDONALD: Well, he acts under the general order which promulgated this regulation; the general order of January, 1909.

Mr. DEWART: And which general order of January, 1909, would be the subject of an Order in Council.

Sir CHARLES DAVIDSON: You say that general orders are practically Orders in Council.

Colonel MACDONALD: The general orders go through the Privy Council. I do not think I am beyond my depth in stating that; I think it is quite right to say that.

Mr. DEWART: I am quite sure you are right, because as I understand the matter there are only two ways of dealing with the arms and stores that are the property of the Dominion of Canada—one way would be by virtue of the powers which might be deputed by you to anybody else under the general Orders in Council which would be effective so far as all Militia officers are concerned, according to the terms of the order; or else by specific Order in Council which would deal with an exceptional case.

Colonel MACDONALD: I think that is so.

Mr. DEWART: I may take it that so far as these small orders were concerned the powers of yourself, the Quartermaster General, or the Deputy Master, or anybody else, even including the General himself—I mean the Minister of Militia—would be sufficient to deal with orders that related to the Canadian Militia.

Colonel MACDONALD: If provided for in the regulations as laid down, any officer with the authority could act under these.

Mr. DEWART: Can you briefly give us, so that they may be on the notes, what the powers of the officers in the Militia Service are with relation to these matters. In view of the fact that these orders have been repeatedly subject to revision, perhaps Colonel Macdonald could summarize or give in some kind of detail what were the actual powers of the Militia officers, such as Colonel Macdonald has, in dealing with these matters. Perhaps Colonel Macdonald could give us a summary of the militia orders or powers that may be exercised by certain officers, so far as Canada is concerned.

Colonel MACDONALD: It would be extremely difficult for me to put my hand on these regulations at the moment, but the power rests with the Quartermaster General to dispose of these to these military organizations in certain lots of fifty rounds a man.

Sir CHARLES DAVIDSON: Can you read the regulation?

Mr. DEWART: Are the militia organizations defined? What is the actual power that exists and to what organizations is that power limited?

Colonel MACDONALD: I am afraid I will be unable to locate that.

Mr. DEWART: I have not gone as deeply into this matter as you have and no doubt you will be able to find under what authority these officers act.

Colonel MACDONALD: I have simply taken it for granted and gone on. However, there are regulations here dealing with the disposal, sale, and issue of ammunition.

Mr. DEWART: That is what I am asking for. I understood that there were Militia orders in existence which you can produce and it is important for us to get them.

Colonel J. F. MACDONALD.

Sir Charles DAVIDSON: I think the Colonel has before him the regulations which apply to some extent at least.

Mr. DEWART: If the Colonel would be good enough to read them they could be placed upon the notes.

Colonel MACDONALD: I now read from "Regulations for the Equipment of the Canadian Militia, Part I, 1908."

Mr. DEWART: Are these regulations still in force?

Colonel MACDONALD: I will read them as amended.

These amendments are all prior to 1915.

135. Ammunition for Maxim guns, rifles and revolvers will be issued at the rates laid down for the various services in paras. 147 to 150 of these regulations. Indents for ammunition will be on Militia Form C. 573.

136. Issues to Cadet Corps and Rifle Associations will be governed by the regulations under which these organizations are authorized. All indents will be carefully checked by the Senior Ordnance Officer to ensure that expenditures of previous issues have been accounted for. The certificates required by regulations must be furnished in all cases.

137. Indents for issues of ammunition for the training of the Militia Forces should bear on the face a certificate from the officers commanding setting forth that the former issue has been expended in accordance with the regulations.

138. In the case of troops trained in camps of instructions, ammunition may be issued as required, in accordance with the rates laid down for the number of men authorized to be trained in musketry. At the conclusion of the camp an ammunition account must be furnished by the officer in charge of musketry instruction, to the Senior Ordnance Officer, showing the expenditure and what disposition has been made of the unexpended balance (if any)."

Mr. DEWART: These amendments are still in force?

Colonel MACDONALD: Yes. There is no use my reading 139 as it formerly was prior to 1910; you do not care about that.

Mr. DEWART: No.

Colonel MACDONALD: Shall I only read what is material?

Mr. DEWART: Read it all.

"Paragraph 139 is hereby cancelled and the following substituted therefor:

139. A supply of ammunition to be designated 'service ammunition' will be kept at all times at regimental company headquarters by permanent units and 'on deposit' in Ordnance Depots for all non-permanent units, in the following proportions:—

Permanent Corps.

Mounted or Dismounted.—"100 rounds service ammunition per carbine or rifle of their establishment."

Officers commanding units of the permanent force will be held responsible that a proper proportion of ammunition is held, and that it is properly 'turned over' on receipt of later date of manufacture than that in possession, the older ammunition will be fired at practice, the new supply retained in lieu."

Mr. DEWART: Is the gallery ammunition referred to in that paragraph the gallery ammunition which you spoke of this morning?

Colonel MACDONALD: Yes, it is little lead slugs with power in them.

Mr. DEWART: That is the ammunition that was issued at \$10 per thousand?

Colonel J. F. MACDONALD.

Mr. DEWART: There are special powers to deal with that?

Mr. DEWART: There are special powers to deal with that.

Colonel MACDONALD: It is the same as revolver ammunition; it is identical with it. Paragraph 140 reads:—

“140. In cases of emergency the above supply of ammunition can be increased to such an additional quantity as the District Officer Commanding may consider necessary, but O. C. units should give strict orders that ammunition is not to be removed from the paper wrappers unless there is every likelihood of it being at once required.”

Colonel MACDONALD: I suppose you do not care to know the general order that brought that paragraph 139 in.

Mr. DEWART: Yes, is it an Order in Council or not; be good enough to read it. You apparently have the only copy of this book we can get and I would like to have it on the notes.

Colonel MACDONALD: Paragraph 139 as I just read it is promulgated by general order 52 of 1910.

Mr. DEWART: That presumably went through the Privy Council.

Colonel MACDONALD: Yes.

Mr. DEWART: Continue to read, and if you find that there is a paragraph that has been amended, and if there is a certain authority for the amendment, be kind enough to give us that authority.

Colonel MACDONALD: You asked me what was in force in 1915, and as I read these I read them as they were in existence subsequent to 1911 and down to date. They have all been more or less amended prior to that. General order 186 of 1911 amended paragraphs 136, 137 and 138. As I read them they are as amended in 1911 by general order No. 186.

Mr. DEWART: Which was an order of the Privy Council?

Colonel MACDONALD: I presume so.

Mr. DEWART: Are there any other regulations that you can refer to and as to which you can give me the authority for their existence in 1915?

Colonel MACDONALD: I have read paragraph 140 and now paragraph 141 reads:—

“141. Extra issues of ammunition remaining unexpended will be returned to the Ordnance Corps on the termination of the service which necessitated the supply, and a cross reference will be made on the Ordnance Receipt Voucher to the voucher on which the original issue was made.”

Mr. DEWART: Have you exhausted the authority that the Militia officers had with reference to the issue of ammunition under the general Order in Council which were passed and which gave you and the Quartermaster General, and the Deputy Minister, and the Minister himself, powers? Do you find anything else?

Colonel MACDONALD: I cannot see anything else here at the moment.

Mr. DEWART: Then, it is fair to say that all powers that could be exercised by those who are in charge of the Ordnance Department, from the Minister down, were such powers as relate to the ammunition for the service of Canadian troops—can you find any other reference that would broaden these powers?

Colonel MACDONALD: That would broaden these powers?

Mr. DEWART: Yes.

Colonel MACDONALD: At the present time I cannot recall anything.

Mr. DEWART: And if you do find anything that does broaden that power, you will be good enough to put it in.

Colonel J. F. MACDONALD.

Colonel MACDONALD: Yes.

Mr. DEWART: Then I would take it that so far as the Savage Arms Company of Utica, is concerned, the sale of ammunition to that particular concern was considered a matter of Canadian importance, based on the fact that they were manufacturing guns for the use of our Canadian forces.

Colonel MACDONALD: Yes. I have that file here now, I have not the original file because I could not get it when coming down here, but I have the correspondence dealing with it.

Mr. DEWART: Will you look over that file and see if it is correct?

Colonel MACDONALD: So far as I know it is.

Mr. DEWART: I will take it subject to its being verified. You have now before you the file including the correspondence relating to the disposal of certain Mark VII ammunition to the Savage Arms Company.

Colonel MACDONALD: Yes.

Mr. DEWART: That was not Mark VI?

Colonel MACDONALD: No.

Mr. DEWART: I see that under date October 29, 1915, there is a letter from the Savage Arms Company, addressed to Brigadier-General V. Benson, Department of Militia and Defence, Ottawa—what was Brigadier-General Benson's position?

Colonel MACDONALD: He was Master General of Ordnance.

Mr. DEWART: That letter reads:

Dear Sir,—We request that you furnish us, for the purpose of testing the Savage Lewis Machine gun, fifty thousand (50,000) rounds of .303 Mark VII ammunition, twenty-five thousand (25,000) to be manufactured by the Dominion Arsenal and twenty-five thousand (25,000) by the Dominion Cartridge Company.

Yours very truly,

SAVAGE ARMS COMPANY,

W. J. GREEN,

Vice-president.

Following that letter of the 29th October, I see that careful inquiry appears to have been made and everything went through in the ordinary routine—perhaps I had better, Sir Charles, put these letters on record.

Sir CHARLES DAVIDSON: It would be a great convenience for subsequent perusal.

Mr. DEWART: The next letter on the same file is dated the 3rd of November, and is addressed by Brigadier-General Benson to the Quartermaster General and reads:

Q. M. G.

Will you please supply the Savage Arms Company with 25,000 rounds of Arsenal and 25,000 rounds of Dominion Cartridge Company Ammunition, as requested in their letter dated 29th ult.

This will be on repayment, and it is of importance that it be supplied as soon as possible.

V. BENSON,

Brig. General, M.G.O.

Mr. DEWART: What does "M. G. O." mean?

Colonel MACDONALD: Master General of Ordnance.

Colonel J. F. MACDONALD.

Mr. DEWART: Then there follows the following:

3-11-15.

M. G. O.

Shipped on 12th instant routed as arranged by Company's agent.

J. F. MACDONALD, *Lt. Col.*,

For Q.M.G.

Mr. DEWART: Apparently this would be the ordinary routine of the department.

Colonel MACDONALD: General Benson passed the file down and gave instructions to issue at once and put a minute to say it was done according to Mr. Barker's wishes.

Mr. DEWART: Then there is the following with reference to the same matter and on the same page:

17-11-15.

D. O. M.

Please see attached correspondence.

H. M. ELLIOTT,

Colonel, M.G.O.

Mr. DEWART: What do the initials "D. O. M." stand for?

Colonel MACDONALD: That is Director of Musketry, Colonel Helmer.

Mr. DEWART: Then there is the following note on this:

19-11-15.

M. G. O.

Noted, thank you.

R. A. H.

Mr. DEWART: Whose initials are "R. A. H."?

Colonel MACDONALD: Colonel Helmer. He is the Director of Musketry, and the date on that is the 19th of November, 1915. I will not guarantee that these copies are correct until I see the file.

Sir CHARLES DAVIDSON: May I interject for a word of explanation and Mr. Dewart, you can carry it on in your examination—you notice that General Benson was Master General of the Ordnance on the 3rd of November and that Colonel Elliott became Master General of the Ordnance on the 18th.

Colonel MACDONALD: General Benson was promoted to the command of the 6th Divisional Area at Halifax and Colonel Elliott was brought in as Master General of the Ordnance.

Sir CHARLES DAVIDSON: Between the 3rd of November and the 18th of November.

Colonel MACDONALD: Yes, I presume so.

Mr. DEWART: That accounts for the difference in the signing as Master General of Ordnance.

Colonel MACDONALD: Yes, Colonel Elliott is Master General of Ordnance at present.

Mr. DEWART: I see a letter here dated Ottawa, the 22nd of November, 1915, which appears to be of some interest. It is addressed to the "D. of C. and E." What do these initials represent?

Colonel MACDONALD: The Director of Clothing and Equipment.

Mr. DEWART: That letter reads:

Colonel J. F. MACDONALD.

OTTAWA, November 22, 1915.

The D. of C. & E.

With reference to Cash Debit Vouchers attached for issue of Cartridges, Small Arm Ball .303, Mark VII, to the Savage Arms Co., Utica, N.Y., by the Senior Ordnance Officer at Montreal, will you kindly say for what purpose this ammunition was issued to this firm.

R. P. BROWN,
for A. & P.M.G.

Mr. DEWART: What do the letters "A. & P. M. G." represent?

Colonel MACDONALD: Accountant and Paymaster General.

Mr. DEWART: And in reply to him you say:

M.G.O.

Perhaps you would say issue was made on your authority on main file.

J. F. MACDONALD, Lt. Col.,
for Q. M. G.

Mr. DEWART: Then I see under date of the 27th of November, 1915, a letter to the Accountant and Paymaster General which reads:

H.Q. 314-27-1.

A. & P.M.G.

Reference your minute dt. 22nd inst. to D. C. & E. (F.D. 281).

This ammunition was supplied to Savage Arms Company for purpose of testing out the guns they are furnishing this Department. Please see folios 75-78, false docket 693, herein.

H. M. ELLIOTT, Col., M.G.O.

Mr. DEWART: What does "false docket" mean?

Colonel MACDONALD: It is a docket which we carry on the main file, but when the main file is in use elsewhere we put the correspondence in a blue jacket envelope like this and it is numbered in a different way; it is only for temporary use.

Mr. DEWART: I see on this file another letter dated November 30, 1915, to the Savage Arms Company, and this is all evidence of the care with which you carried out the transactions in the Department. That letter reads:

H.Q. 314-27-1. Vol. 2.
November 30, 1915.

Messrs. SAVAGE ARMS Co.,
Utica, N.Y.

GENTLEMEN,—In accordance with your request of the 29th October, there were shipped on the 13th November, 50,000 rounds of cartridges, S.A. Ball .303 Mark VII.

I beg to forward herewith Cash Debit Vouchers issued by the Ordnance Officer at Montreal, who shipped these goods, showing that at the vocabulary price you owe the Department \$1,568.50 for this ammunition.

I would be obliged to have your cheque in repayment.

Yours truly,

Sgd. R. P. B.,
for Accountant and Paymaster General.

Mr. DEWART: What is the "vocabulary" price?

Colonel MACDONALD: It is a list where everything is set out with the cash values of it.

Colonel J. F. MACDONALD.

Mr. DEWART: Who has the initials R. P. B.?

Colonel MACDONALD: R. P. Brown, the Assistant Accountant.

Mr. DEWART: The next letter on the file is the one in which the return is made and it is dated Utica, N.Y., U.S.A., December 9th, 1915, and reads:—

“UTICA, N.Y., U.S.A., Dec. 9, 1915.

Department of Militia and Defence,
Ottawa, Canada.

GENTLEMEN,—We have your statement of the 30th ultimo indicating our purchase of 50,000 rounds of cartridges S. A. Ball .303 Mk. VII, amount of bill being \$1,568.50.

We are enclosing herewith our cheque payable to the order of Department of Militia and Defence to cover. Kindly pass to proper credit and oblige.

Yours very truly,

SAVAGE ARMS COMPANY,

By ROSS H. JONES,
Assistant Treasurer.

D.R. No. 1384—\$1,568.50.

Ottawa, Dec. 7, 1915—Received.

L. P.

9-12-15.

, for A. & P. M. G.”

Mr. DEWART: You notice that inquiry was made with reference to this matter and Mr. Brown inquired on the 22nd of November: “will you kindly say for what purpose this ammunition was issued to this firm.” You will also notice the reply of Colonel Elliott: “This ammunition was supplied to the Salvage Arms Company for the purpose of testing out guns they are furnishing this Department.”

You realize, Colonel Macdonald, that the inquiry was made because unless it was being furnished for Canadian purposes the order would not have been passed.

Colonel MACDONALD: Well—

Mr. DEWART: Could you put any other interpretation upon it except that?

Colonel MACDONALD: I cannot put any interpretation upon it; I cannot say what he had in mind when he asked the question.

Mr. DEWART: I am asking you if you could suggest any other interpretation that could be put upon that inquiry.

Colonel MACDONALD: I would not like to put any interpretation upon it.

Mr. DEWART: Realizing the fact that so far as the Canadian Government was concerned your right to dispose of ammunition was limited to your general powers under the general Order in Council, do you not appreciate the force of that inquiry that was made with reference to the Savage Arms people?

Colonel MACDONALD: I think in each instance they ask if it is debited to the proper account.

Mr. DEWART: Then I see by a further letter of January 4, 1916, in that same matter, relating to the shipment—

Sir CHARLES DAVIDSON: You are omitting some of these letters that you do not consider of importance, are you?

Mr. DEWART: Perhaps I should read the other letters so that the file may be complete, and so that we may complete the whole history of the shipment to the Savage Arms Company. Having regard to the second item of the shipment, dated 11th January, 1916, I find that the originating letter referring to that is a telegram

Colonel J. F. MACDONALD.

from Utica, New York, and of date December 29, 1915—have you that letter addressed to the Master General of Ordnance, Department of Militia and Defence, Ottawa, Ontario?

Colonel MACDONALD: Yes.

Mr. DEWART: That telegram reads:—

UTICA, N.Y., December 29, 1915.

Master General of the Ordnance,
Department of Militia and Defence,
Ottawa, Ont.

Necessary we have promptly ammunition for testing arrange express twenty-five thousand rounds freight seventy-five thousand Mark seven Dominion Arsenal.

SAVAGE ARMS COMPANY.

Sir CHARLES DAVIDSON: I do not take that to be the originating order, because the first order was 50,000, and they only received 25,000 so far.

Mr. DEWART: There was a second order for 100,000, 25,000 by express and 75,000 by freight, and so I take it it has reference to the entire order.

Sir CHARLES DAVIDSON: I take it that the first order was 25,000 manufactured by Dominion Arsenal, and 25,000 by the Dominion Cartridge Company.

Colonel MACDONALD: There was one shipment of 50,000, 25,000 of each.

Mr. DEWART: My idea was that so far as the second order was concerned, that this was the originating document.

COLONEL MACDONALD: I think, perhaps, that is right.

Mr. DEWART: Then we have the following telegram:—

Q. M. G.

Will you please supply 100,000 cartridges S. A. Ball (D. A. manufacture) to Savage Arms Co., 25,000 by express and 75,000 to follow by freight as soon as possible?

H. M. ELLIOTT, B.G.

M. G. O.

Mr. DEWART: Do you realize, Colonel Macdonald, that so far as that was concerned that also was ammunition that was going for the purpose of testing guns that were being used by the Canadian forces?

Colonel MACDONALD: Yes.

Mr. DEWART: Then there is the following letter of the 29th of December, 1915:—

Master General of the Ordnance,
Department of Militia and Defence,
Ottawa, Ont., Canada.

DEAR SIR,—We beg to confirm our telegram as follows:—

Necessary we have promptly ammunition for testing. Arrange to express twenty-five thousand rounds freight, seventy-five thousand Mark VII Dominion Arsenal.

You, of course, understand that we desire to purchase this ammunition. If not convenient to send Dominion Arsenal make, we can use that made by the Dominion Cartridge Co.

Yours very truly,

SAVAGE ARMS COMPANY.

W. J. GREEN,
Vice-President.

Colonel J. F. MACDONALD.

Mr. DEWART: Then there appears a memo; is it endorsed on that letter?

Colonel MACDONALD: Yes.

Mr. DEWART: It reads:

Q.M.G.

Passed.

W. A. K. Lieut. (D.O.)

for M. G. O. (A.O.D.)

Mr. DEWART: Who is "W. A. K.?"

Colonel MACDONALD: Mr. Kruger. The Master General of Ordnance was away and he passed the letter down at once.

Mr. DEWART: Then there is your own endorsement which reads:—

M. G. O.

Twenty-five thousand rds. D.A. Mk. VII ammunition shipped by American Express via Constable P.Q. this day from Montreal; 75,000 ordered to-day by fast freight.

J. F. M.

Col.

Ottawa, 30-12-16.

P. O. O.

Mr. DEWART: That is your own handwriting there?

Colonel MACDONALD: Yes.

Mr. DEWART: So that your recollection this morning was correct that in the case of that particular order a certain amount was sent on by freight and the balance by express; that is the explanation of it?

Colonel MACDONALD: Yes.

Mr. DEWART: That is followed by further correspondence showing that the charges were made and the payments made.

Colonel MACDONALD: Yes.

Mr. DEWART: That correspondence reads:

January 4, 1916.

GENTLEMEN,—I am directed to acknowledge receipt of your telegram and confirming letter, dated 29th ultimo, relative to supply of cartridges S. A. Ball, .303-inch, Mark VII, of Dominion Arsenal manufacture, for testing purposes, and in reply to inform you that 25,000 rounds of this nature of ammunition were forwarded to you by American Express, from Montreal, on 30th December, 1915. This ammunition was routed via Constable, P.Q.

The necessary instructions have also been given to have the additional 75,000 rounds asked for shipped to you by fast freight.

I have the honour to be, Gentlemen,

Your obedient servant,

H. M. E.

Brigadier General,

Messrs. Savage Arms Co.,

Utica, N.Y.,

U.S.A.

Master General of the Ordnance.

Q.M.G.

Please note. Reference Minute (1) F. 1. (underlined) please pass for payment.

Sgd. H. M. ELLIOTT,

B. Genl.

M. G. O.

Colonel J. F. MACDONALD.

4-1-16.

H.Q. 314-27-1.

A.P.M.G.

Herewith please find in triplicate C.D.V. for 100,000 rounds of S. A. Ammunition shipped to the Savage Arms Coy. for the total amount of \$3,155.00 passed to you for favour of collection please.

Sgd. J. F. MACDONALD,

Col. P.O.O.

Ottawa 7-1-16.

H.Q. 314-27-1,

11th January, 1916.

Messrs. Savage Arms Co.,
Utica, N.Y., U.S.A.

GENTLEMEN,—

I beg to enclose herewith Cash Debit Voucher 3155 (\$3,155.00) for 100,000 rounds of S. A. Ammunition, and would ask you to kindly let me have your cheque in settlement.

Yours truly,

R. P. B.,

For Accountant and Paymaster General.
UTICA, N.Y., U.S.A.,

January 14, 1915.

Department of Militia and Defence,
Ottawa, Canada.

GENTLEMEN,—

We are in receipt of your esteemed favour of the 11th inst. calling attention to your cash debit voucher \$3,155.00, 1,000 (100,000) rounds of S. A. Ammunition.

To cover the above amount you will please find our check drawn to your order for like amount. Would thank you to place in proper credit to our account and oblige.

Yours very truly,

SAVAGE ARMS COMPANY.

By ROSS H. JONES.

D. N. No. 2957, \$3,155.00.

Ottawa, Jan. 20/16. Received.

Lt. for Q. and P.M.G.

Mr. DEWART: Then, going over the other returns, you having explained already the issue of small arms to rifle associations and so on, I come down to the 29th of September, 1914, where there is an order signed "20 B. Horse, 25,000"—is that some of the small stock?

COLONEL MACDONALD: You might let that stand for the present, if you please. I just took that up with the Chief Clerk and I think there is a figure dropped in that. As a matter of fact, I think it was a sale of ammunition to an officer in A Squadron of the 20th Border Horse at Winnipeg; it is a sale to the Border Horse and not to the British Columbia Horse. That is why he refers to paragraph 144 of the Equipment Regulations.

Q. That is what I was coming to next. You will observe that it is more of a small item if you refer to the date.—A. The reference indicate that it is gallery ammunition

that we were selling at \$5 per thousand under paragraph 144 of the Regulations. This must be at \$5 per thousand. I think they probably picked up a figure, but you might let me look into it. It came through by telegram from Winnipeg confirming the matter and that will very probably show what it is.

Q. If it is an inaccuracy, well and good, but it is put down as if it were a question as to whether it is Mark VI ammunition. If you follow down the column you have "ball .303 Mark VI ammunition."—A. The reference to paragraph 144 of the Equipment Regulations is the authority for it.

Q. Read that please.

A. Paragraph 144 of the "Regulations for the Equipment of the Canadian Militia," Part I, 1908, reads as follows:—

Gallery ammunition may be issued on payment or repayment at the rate of five dollars per thousand rounds.

Q. May I take it, that, as far as that was concerned, it was not Mark VI that was under suspicion?—A. No, it was gallery practice ammunition. Just a moment; was there some question on that Savage Arms matter with regard to which I wanted to look back in this file? You were asking me about something a minute or two ago that was not quite clear.

Q. I think not. I take it that the inquiry was made in reference to the first shipment to the Savage Arms Company and it was found that the necessary endorsements were made and that it went through because it was to be used for the purpose of testing guns that were for use in Canada. I do not want to refer to that any further.

Sir CHARLES DAVIDSON: Is the Savage Company a foreign corporation?

The WITNESS: Yes, of Utica, New York.

By Mr. Dewart:

Q. Manufacturing machine guns for the use of Canada, I believe. Is that right?

—A. Yes, it is the Savage Arms Company of Utica, New York.

Q. And at this particular time manufacturing machine guns for the use of the Canadian Expeditionary Force?—A. For the Canadian Government.

Q. Then, may I ask you, so that we may get through the file without trespassing too much upon your time, whether, in so far as any of these small shipments of Mark VI ammunition, or anything else referred to at pages 133-134 of the return, are concerned, there is anything on the files in your office that would assist in showing whether it was refused, condemned or suspected ammunition?—A. There is nothing on my files that would show what these smaller amounts were.

Q. Have you any reason to believe that the commanding officers in charge of these various battalions would take, or get, either refused, rejected or suspected ammunition?—A. No, I would take it that they would get ammunition unless it was forbidden to be sold to them, or unless the senior Ordnance Officer had been instructed to refuse its sale.

Q. Then, let us come to the last item, where I find, under date of the 4th March, 1916, that there was sent to the North West Mounted Police 500,000 ball .303 Mark VI at the price of \$20 per thousand. The memorandum here shows that the authority was H.Q. No. 1402-5-2. Can you give such information as is at your disposal in reference to the character and date of manufacture of the half million rounds of Mark VI ammunition that was given to the North West Mounted Police for use in Canada.

Sir CHARLES DAVIDSON: Have you the original letter?

Mr. DEWART: I have not got it; I am trying to get it now.

The WITNESS: I have the original file.

Mr. DEWART: Is there an extra copy?

Colonel J. F. MACDONALD.

The WITNESS: Here is a copy; it is not very complete.

By Mr. Dewart:

Q. What is the first letter you have?—A.—

Mr. DEWART: I desire to put upon record the correspondence in reference to the issue of half a million rounds of Mark VI ammunition to the North West Mounted Police because that appears to have been issued on the 4th March, 1916. That would be correct?

Sir CHARLES DAVIDSON: No.

Mr. DEWART: I so take it, Sir. That is the last on the list, page 34.

Sir CHARLES DAVIDSON: That might have been the date of payment.

Mr. DEWART: It was applied for before that but the authorization appears to be on the 21st February.

Sir CHARLES DAVIDSON: No, shipped. Look at the bottom and you will see this memo:

Note.—Delivery altered to Calg. S.O.O. notified and shipment consigned accordingly.

Mr. DEWART: Yes, that is right.

By Mr. Dewart:

Q. Now, I am quite interested in this ammunition that was suitable for the North West Mounted Police, and if you will follow the file and tell me anything you can from the file as we go along, I will be very much obliged. The first letter is dated Ottawa, the 4th January, 1916. Have you that letter on the file?—A. Yes.

Q. From the Headquarters file No. 1402-5-2?—A. H.Q. No. 1402-5-2.

Q. The letter is as follows:

Royal North West Mounted Police
Office of the Comptroller,
Ottawa, 4th January, 1916.

My Dear General,—

Referring to our recent conversation on the subject of ammunition, I understood that you will be good enough to let us have from your supplies 500,000 rounds of .303 ball ammunition, Mark VI, which I think you said was preferable to Mark VII?

Will you kindly confirm this?

We are not in any hurry for it, and as a matter of fact do not require it before the Spring and it cannot be paid for until the appropriation for 1916-17 is available.

All I want to be sure of is that we will get it from you in due course. Thanking you for your kindness in the matter.

Believe me,

Yours sincerely,

(Sgd.) LAWRENCE FORTESCUE.

Brigadier-General H. M. Elliot,
Master General of Ordnance,
Department of Militia and Defence,
Ottawa, Ont.

D.O.M.

For remarks please.

(Sgd.) H. M. Elliot, B.Gen'l.
M.G.O.

What follows that? Is there any other endorsement upon that letter?—A. No.

Colonel J. F. MACDONALD.

Q. What is the next document you have? Is the next document a letter dated January 7?—A. The next is the comment of the Chief of the General Staff, to the Master General of Ordnance upon the matter. It is not a letter; Colonel Helmer signs for General Gwatkin. Then General Gwatkin passes it down.

Q. Then, to follow this up, on January 7, 1916, you produce the original letter, signed by Colonel Helmer, for the Chief of the General Staff and addressed to the Master General of Ordnance? That is correct?—A. Yes.

Q. Relating to "ammunition R.N.W.M.P." That means North-West Mounted Police?—A. Yes.

Q. The letter is as follows:—

MASTER-GENERAL OF THE ORDNANCE,

Ammunition
R.N.W.M.P.

OTTAWA, January 7, 1916.

I do not think that under present conditions we should allow any Mark VI ammunition to pass out of the hands of the Department except for defensive purposes, under which the requirements of the Mounted Police might be considered.

2. Mark VI ammunition for old pattern M.L.E. and M.L.M. is the only mark which could be used with safety; Mark VII is very dangerous in old pattern L.E. Rifles.

(Sgd.) R. A. HELMER, Colonel.

For Chief of the General Staff:

Do you find "O.K. if good. (Sgd.) S.H."?—A. Yes.

Q. Whose initials are they?—A. The Minister's.

Q. General Sir Sam Hughes?—A. Yes.

Mr. HUTCHESON: Just the initials? I have the name in full here.

The WITNESS: No, just "O.K. if good. S. H." It is wrong in the Chief's copy which is the Parliamentary return.

By Mr. Dewart:

Q. "O.K. if good" in his usual blue pencil style. Then the next endorsement is the following:—

Q.M.G.

Passed to you. I concur with C.G.S. and recommend subject to Minister's approval that 500,000 rds. of Mk. VI ammunition be sold to R.N.W. M.P. at the usual price.

(Sgd.) H. M. ELLIOT, B. General,

8-1-16

M.G.O.

That is correct?—A. Yes. 8-1-16.

Q. Then, in response to that, there is a letter from H.M.E. Who is that?—A. General Elliot again.

Q. To Mr. Fortescue, Comptroller of the North West Mounted Police, and which is as follows:—

OTTAWA, 21st January, 1916.

DEAR MR. FORTESCUE,—In reply to your letter of the 4th January, 1915, I am directed to say that you can have the half a million rounds of Mark VI ammunition at any time. An official intimation is being sent you by the Quartermaster General.

Yours sincerely,

L. FORTESCUE, Esq., I.S.O.
Comptroller, R.N.W.M.P.,
Ottawa.

(Sgd.) H. M. ELLIOT.

Colonel J. F. MACDONALD.

That is produced on the file?—A. Yes.

Q. Then, there is a document which seems to be endorsed by a good many people. It begins with a memorandum from Brigadier-General Elliot to the Quartermaster-General and it is as follows:—

With reference to letter from Comptroller of R.N.W.M.P. dated 4th January, 1916, and Ministers' approval, will you please notify the former, together with particulars as to cost, when and where he wishes delivery, etc.

(Sgd) H. M. ELLIOT, B. Gen'l,
M.G.O.

21-1-16.

A. Yes.

Q. The next memo is addressed to the D.O.M. and it is as follows:—

D.O.M. What ammunition do you recommend should go to R.N.W.M.P.?

(Sgd.) J. F. MACDONALD,
P.O.O.

That is your inquiry?—A. That is my inquiry—22-1-16.

Q. The next item is a memo addressed to the M.G.O.:—

M.G.O. I understand Mk VI is what is required.

(Sgd.) R. A. HELMER,
D. of M.

And then from Brigadier-General Elliot, M.G.O. to the Q.M.G.:—

Q.M.G.

This is what I intended to convey in my minute 2 of 8-1-16 (F. 23).

(Sgd) H. M. ELLIOT, B. Gen'l,
M.G.O.

24-1-16.

What is "F. 23"?—A. False File.

Q. Then, you appear to have asked another question. After General Elliot wrote:

This is what I intended to convey in my minute 2 of 8-1-16.

You wrote:—

D.O.M. I mean year of manufacture, please?

(Sgd.) J. F. MACDONALD, Colonel,
P.O.O.

A. Yes.

Q. You seem to have been interested in the year of manufacture?—A. I asked the year of manufacture.

Q. "I mean year of manufacture, please." That is your memorandum?—A. Yes.

Q. Why were you so particular about the year of manufacture?—A. Because Mr. Fortescue desired Mark VI ammunition and I wanted to know what year they desired me to send.

Q. Was there any difference in the manufacture of Mark VI ammunition?—

A. That was a matter for the experts to say.

Q. No, they had dealt with that as early as 1908?—A. But I mean the heads upstairs—General Elliot and Colonel Helmer knew.

Q. What was the result of your inquiry in reference to the year of manufacture?

—A. It appears on the next page of the Parliamentary return, in the report by Colonel Helmer for the chief of the general staff addressed to the Master General of the Ordnance under date of January 26, 1916.

Colonel J. F. MACDONALD.

Q. Read it.—A.

To

M.G.O.

S. A. Ammunition,

R.N.W.M.P.

It is suggested that advice on the issue of ammunition to the Mounted Police be obtained from C. I., A. & A. Certain issues of D. A. manufacture Mark VI ammunition were found defective and the C.I., A. & A. will no doubt be able to say which is the most suitable for use by the Mounted Police.

(Sgd.) R. A. HELMER, Colonel,

For Chief of the General Staff.

Q. What is C. I., A. & A.?—A. Chief Inspector of Arms and Ammunition—Colonel Harston.

Q. Do you find where he was written to?—A. The next entry is a letter dated February 2, 1916, from the Master General of the Ordnance to the Chief Inspector of Arms and Ammunition, Quebec, P.Q., and it is as follows:

H. Q. 1402-5-2.

OTTAWA, February 2, 1916.

From

The Master-General of the Ordnance,
Canadian Militia.

To

The Chief Inspector of Arms and Ammunition,
Quebec, P.Q.

Small Arms Ammunition,

For R.N.W.M.P.

Reference above mentioned subject, please note that the Comptroller R.N.W.M.P. desires to purchase from this Department 500,000 rounds Mk. VI ammunition for use in Lee-Enfield carbines.

As some of this ammunition is under suspicion, please say what dates of manufacture you would recommend as the most suitable.

(Sgd.) H. M. E. B. General,

Master-General of the Ordnance.

Below the letter is the following memo.:

Q.G.M.

You won't forget to notify Comptroller R.N.W.M.P. vide my minute on F. 25.

(Sgd.) H. M. Elliot, B. General,

M. G. O.

2-2-216

Sir CHARLES DAVIDSON: About what minute?

The WITNESS: On folio 25. That was the minute, reading as follows:

Will you please notify the former, together with particulars as to cost, when and where he wishes delivery.

It refers to the minute of the 21st January, 1916, already read.

Colonel J. F. MACDONALD.

By Mr. Dewart:

Q. What is the next you find?—A. The next is a letter under the same headquarters number dated February 4, 1916.

Q. That is the letter from yourself to Comptroller Fortescue?—A. February 4, 1916:

DEAR MR. FORTESCUE,—With reference to your letter January 4th, to the Master General of the Ordnance—

Sir CHARLES DAVIDSON: There are two intervening letters.

Mr. DEWART: I think he is dealing with the matter in the order in which it passed through his hands.

Sir CHARLES DAVIDSON: Which would best convenience us?

Mr. DEWART: I should think it would be well to show what departmental action was taken before any word came from Quebec.

Sir CHARLES DAVIDSON: Very well, go on.

The WITNESS (reading):

February 4, 1916.

DEAR MR. FORTESCUE,—With reference to your letter of January 4th, to the Master General of the Ordnance, asking that the Department sell your branch 500,000 rounds of Mark VI ammunition, kindly note that the sale has been approved, and when you are ready to receive it, if you will let me know, issue will be made.

Sincerely yours,

Sgd.) J. F. MACDONALD, Colonel,
Principal Ordnance Officer.

L. FORTESCUE, Esq., I.S.O.,
Comptroller, R.N.W.M.P.,
Ottawa, Ont.

By Mr. Dewart:

Q. What was the next thing to happen in so far as you are concerned? I think a letter came to your hands from Quebec, did it not?—A. Yes. The next thing that appears on the file is a letter from Quebec dated 3rd February, 1916, carrying the following numbers at the top:—

H.Q. 1402-5-2.

A. & A. 4-15-1.

QUEBEC, February 3, 1916.

From the Shief Inspector of Arms and Ammunition, Canadian Militia.
To the Master General of the Ordnance, Canadian Militia.

Re S. A. Ammunition for R.N.W.M.P.

In reply to your minute of the 2nd instant, I beg to refer you to the report of Colonel Sir H. W. W. Barlow, C.R., and Captain G. Ogilvie, R.A., made on the 19th June, 1913, and particularly to page 46 and Appendix 12.

You will see that they recommend that all ammunition prior to February 1908, be destroyed as unserviceable, and that the rest of it should be visually examined for ringing and external scores before firing proof and re-issued.

Since then the *Ammunition of 1910* has been found to be *dangerous* and should not be used.

Colonel J. F. MACDONALD.

When the war broke out we were engaged in the examination and ringing of ammunition dated 1911, 1912 and 1913, but owing to the pressure of work for war services this had to be abandoned.

This report on the ammunition of 1913 was that "except for blow-backs the proof results were satisfactory."

I am therefore of the opinion that if any ammunition is supplied to the R.N.W.M.P. that it should be the ammunition manufactured in 1913.

(Sgd.) T. HARSTON, Colonel,
C.I. of A. & A.

Q. Then there is an endorsement on that, is there not?—A. "Q. M. G." You still have the file. 1913 is the year for ammu. to be issued to R.N.W.M.P. Kindly notify Comptroller as soon as possible. H. M. Elliott, B. Gen'l., M.G.O. 5/2/16." Endorsed again below that "Spoke M.G.O., said no 1913, says issue 1910 Mark VI, J. F. M. Colonel, P.O.O. 9/2/16."

Q. It is that particular memorandum I want you to explain, that I have been leading up to. You realize that a report had been required, that under the report that was given what was to be furnished to the Northwest Mounted Police was the ammunition manufactured in 1913. If there was this suggestion, there was the statement of Colonel Harston that the ammunition of 1910 was found to be dangerous. Having regard to that, what is the meaning of the marginal note "Spoke M.G.O., said no 1913, says issue 1910 Mark VI."—A. When I came to look into my stock of 1913 Mark VI ammunition, I found I had not sufficient to meet the requirements of the Comptroller of the Police. I called General Elliott on the telephone and said that I had not a sufficient quantity of 1913 manufacture to send, what should I do? His reply was to issue 1910.

Q. Was it 1910 that was issued?—A. I should say it was 1910.

Sir CHARLES DAVIDSON: I understand the memorandum means this: "I spoke to M.G.O., said no 1913." He said not to issue 1913.

By Mr. Dewart:

Q. He said there was no 1913 in stock?—A. Yes, I recall the circumstances so well.

Sir CHARLES DAVIDSON: "Said there was no 1913."

The WITNESS: Yes, meaning there was not sufficient stock of 1913 available to meet this demand, and the Master General of Ordnance said to issue 1910.

Sir CHARLES DAVIDSON: Have you any record of that instruction?

The WITNESS: Only this, that it is endorsed here at the time and dated. This is the original file in my own handwriting.

Sir CHARLES DAVIDSON: But by General Elliott.

The WITNESS: No, I have nothing further than that.

Sir CHARLES DAVIDSON: Because he is put in the position there of acquiescing in the issue of dangerous ordnance.

By Mr. Dewart:

Q. Let us finish the file. The next letter you have is February 18, 1916. From whom is that?—A. From myself to Colonel Fortescue, under the same headquarters number, Ottawa, February 18, 1910:—

DEAR MR. FORTESCUE,—In continuation of my letter of the 4th instant, will you kindly note that the ammunition therein referred to is at Victoria, B.C. Perhaps you would inform me where you would like it consigned, and how addressed.

Yours very truly,
Colonel J. F. MACDONALD.

Q. And in continuance of that you got a letter from Colonel Fortescue in Ottawa on the 19th February?—A. Yes, 19th February, 1916.

DEAR COLONEL MACDONALD,—Many thanks for your letter of the 18th instant informing me that the 500,000 rounds of Mark VI ammunition for the Mounted Police is at Victoria, B.C. Will you be good enough to give instructions to have it shipped to the Commissioner of the R. N. W. M, Police, Regina, Sask.?

Yours very truly,

LAWRENCE FORTESCUE.

That is addressed to myself.

Q. Then you have a letter of February 21?—A. On the 21st a letter written on the same headquarters number, February 21, 1916, from the Quartermaster General, Canadian Militia, to the District Officer Commanding District No. 11, Victoria, B.C.

Q. The Quartermaster General of the Canadian Militia is D. A. Macdonald, Ottawa?—A. Yes.

Q. Who was the District Officer commanding District No. 11, Victoria, B.C.?—A. Colonel Ogilvie was at that time.

Q. Having regard to that, would you read that letter?—A. Issue of S. A. Ammunition to R.N.W.M.P.:—

SIR,—I have the honour, by direction, to state that an issue of 500,000 rounds of Mark VI S. A. ammunition has been authorized for the marginally noted service, the date of ammunition to be 1910. Will you kindly give the necessary instructions to S.O.O. to ship to the Commissioner of R.N.W.M.P., Regina, Saskatchewan, and wire car number and date to Militia Headquarters?

I have the honour to be, Sir,

Your obedient servant,

D. A. MACDONALD,

Major General.

On the margin is a note "Delivery altered to Calg., S.O.O. notified and shipment consigned accordingly. V. —3-16.

Q. Who is the S.O.O.?—A. Senior Ordnance Officer at Victoria.

Q. And P.O.O.?—A. That is my own local number, P.O.O., 9-69-48. They afterwards wanted it consigned to Calgary, and I am not sure whether there was any correspondence, or whether Colonel Fortescue rang me up on the telephone and asked me if I would send it to Calgary; he would much prefer it. It was a shorter haul. I notified my own people to route the shipment that way.

Q. You appear to have kept pretty close track of the ammunition that you had in stock and the different years. I suppose you have some book that will give us a reference to what was in stock in the latter part of 1915 and the early part of 1916?—A. Yes.

Q. Is there a record showing the different stores of ammunition at Quebec and other places and what they related to?—A. Our stock of ammunition as a rule is very confidential, and I can answer you probably in this way—

Q. I want to take it in the most limited way that you will be permitted to give it. You had not in 1913 ammunition in stock to send to Calgary?—A. No, my stock of 1913 ammunition was very low. I have a statement here.

Q. These quantities in September and October, 1915, 236,000 and 750,000 rounds—those were both 1912 ammunition?—A. Yes.

Q. Then your sale to the Vickers people of the first two lots of ammunition, amounting to nearly a million rounds, had depleted you of the ammunition of 1912, so that you could not give it the Northwest Mounted Police when they wanted it in 1916?—A. No.

Colonel J. F. MACDONALD.

Q. Is that correct?—A. No.

Q. Have you 1912 ammunition?—A. No, they did not ask for 1912. They asked for 1913.

Q. They asked for 1912, but what I am pointing out to you is this: you did not give the Vickers people the 1910 at that time, did you, when they asked for it and when they got their ammunition in the fall, in September or October, September 16 and October 29, 1915, those two shipments of ammunition to somebody who called himself Vickers Limited, amounting to nearly a million rounds of ammunition, you gave them the ammunition of 1912. Was it any better than the ammunition of 1910?—A. I am not in a position to say for the various years the conditions of the ammunition at all. That is more the expert's business. The ammunition that was sold to the Vickers people was ammunition that was in the East. The other ammunition was in the West; the other ammunition was at the other coast, and when it comes to charges to be paid for it it cost the Police less in freight charges to get that ammunition from the other coast than it would to send it from Quebec. I think that is my recollection of the circumstances connected with the sale of it.

Q. Is the ammunition that was furnished from Calgary to the Northwest Mounted Police in March, 1916, this present year, the ammunition with which their small arms are now fitted and which they use?—A. Is it the ammunition—

Q. Is it the ammunition with which their small arms are now fitted and used?—A. As far as I know.

Q. And you know of no issue of small arms ammunition to the Northwest Mounted Police since that date, or it would have been in your return?—A. Yes, they could not use Mark VII ammunition in their arms.

Q. Then at the same time that this matter was under consideration, the dates almost parallel each other—do you realize that? What is Colonel Fortescue's title?—A. He is a controller.

Q. The application from Controller Fortescue for 500,000 rounds of ammunition is dated 4th January, and the application of the Minister of Militia to Council for the sale of 4,985,000 rounds of Mark VI ammunition to His Royal Highness is dated the 5th January, and he refers to it as being under suspicion. Was it the same class of ammunition that was referred to and was intended to be sold to the Vickers people as what you had sent to the Northwest?—A. It was Mark VI ammunition.

Q. Have you any doubt what was sent to the Northwest Mounted Police service was good ammunition? The Militia Department must take one horn of the dilemma; either it was good or it was bad?—A. Well, the rifle, the carbine used by the Northwest Mounted Police could not fire the Mark VII ammunition, it is too powerful. You will get that from your experts when you call them.

Q. I have no experts?—A. When you bring them to give evidence they will go into detail. I am only touching the fringe of it, as it were, and I say that with the arm they are equipped with they could not use Mark VII because it would wreck the carbine.

Q. Did it occur to you that in case of trouble in Canada the extra 2,000,000 rounds the Vickers people wanted under those circumstances was as serviceable to us in the West as it would be if sold to Vickers?—A. Well, I was in a position of carrying out instructions.

Q. You gave evidence the other day here, and there are one or two questions which were put to you by Captain Thompson where I do not quite understand the evidence. Have you before you a copy of your evidence?—A. No, I have never seen it.

Q. Who is Mr. Searles of the Vickers House?—A. I do not know, sir.

Q. And what is his business?—A. I do not know.

Q. What connection has he with the Vickers firm?—A. The first mention I saw of his name was in that letter written by Colonel Allison to General Macdonald.

Q. Under date of September 8?—A. Yes.

Q. In which he refers to some arrangement which the General does not appear to remember?—A. Yes.

Sir CHARLES DAVIDSON: What General?

Mr. DEWART: General Macdonald does not recollect the arrangements Allison referred to. Can you give me any information as to who Mr. C. A. Searles is?—A. Not the slightest.

Q. I am curious?—A. I am afraid I cannot satisfy you.

Q. What is the Vickers House?—A. That I do not know.

Q. Coming down a little further, it has been suggested that the Vickers Company wanted this ammunition that was bought and also proposed to be bought for experimental purposes. In your files do you find any such suggestion from anybody representing the Vickers people?—A. No, I find nothing in the files at all.

Q. Both the Hansard, when the Minister was good enough to speak on one or two occasions, and the evidence, have suggested that somebody in the House of Vickers represented that this was to be used for experimental purposes, and that the Vickers machine gun was the medium through which this was to be used. Is there any evidence of any such communication in your records?—A. No, I find nothing at all on it.

Q. Having regard to the fact that it is now suggested that certain ammunition was under suspicion, I suppose that there was a pretty accurate record kept in your office of what was under suspicion and what was not?—A. My office would keep a record based on reports from my ordnance depots all over Canada of the years of manufacture of Mark VI ammunition.

Q. And naturally you were only the recording angel in putting these things down. You were putting down what was reported to you?—A. Yes.

Q. What I am endeavouring to suggest is this: that possibly you can produce from your files or records something that will show the records as to what was reported with reference to the ammunition that was in store at the different points, and what its character was, whether there was anything that was condemned, where there was something that was under suspicion?—A. There would be nothing in my file showing that. If a year of manufacture were condemned by the experts, and if their action was approved by Council, I would be notified at once that that ammunition was under suspicion and it was not to be issued.

Q. Were you so notified?—A. The files would be passed down.

Q. To whom?—A. If they were passed to the Quartermaster General they would go on to me as a matter of course.

Q. Would there be some record in your office or in the Department to which we might have access, showing what record there is as to the view that might be taken as to the result of any departmental examination that had taken place? I would like to know if you could produce it when his lordship sits again on Thursday?—A. I think there is such a thing.

Q. Will you be good enough to look that up in the meantime?—A. I think I have that information here.

Q. Is it on the file?—A. This is what you want. This document shows the first division at London, and Toronto, and Kingston, and so on right through.

Q. This is the ammunition stored at what different places?—A. At all my ordnance depots.

Q. Is that in the file?—A. It is in the governmental return.

Sir CHARLES DAVIDSON: No, it is not on the files.

By Mr. Dewart:

Q. Would you have a copy of that made so that it can be put in?—A. Yes.

Mr. DEWART: I see I have had a copy of it handed to me to-day.

Sir CHARLES DAVIDSON: I have not received one. Will you see that I have a copy.

The WITNESS: Yes.

Mr. HUTCHESON: I will require a copy also.

Colonel J. F. MACDONALD.

Colonel MACDONALD: Outside that, have you the precis based on it; look if you have fol. No. 42 on the file No. 62-2-98.

Mr. DEWART: I have not got that.

Colonel MACDONALD: This would pretty well give you all the information.

Mr. DEWART: Were you cognizant of the fact that, I think, as early as 1914, the use of the word "destroy" so far as Dominion Arsenal ammunition was concerned was eliminated? I do not know whether you referred to that in the evidence you gave the other day, or whether General Macdonald did; I think it was General Macdonald.

Sir CHARLES DAVIDSON: I do not think any statement of that kind was made by General Macdonald.

Mr. DEWART: I understand it was in reference to something that had happened under General Gwatkin.

Mr. HUTCHESON: Some person suggested in giving his evidence that conditions had changed somewhat.

Mr. DEWART: Perhaps it was General Gwatkin said that.

Mr. HUTCHESON: Some one said the conditions had changed since the recommendations to destroy this ammunition had been made, and that the suggestion should not now be carried out.

Sir CHARLES DAVIDSON: That is a different thing. The statement of Mr. Dewart was that the word "destroy" should be eliminated.

Mr. DEWART: That is what I understood—(to Colonel Macdonald)—What was General Gwatkin's position in 1914 and 1915?

Colonel MACDONALD: He was Chief of the General Staff, just as he is at present.

Sir CHARLES DAVIDSON: You will find a reference to that in the evidence of the Minister; you will find there a statement to the effect that they suspended any destruction.

Mr. HUTCHESON: It is to be found at page 28 of the evidence formerly given.

Mr. DEWART: It is already on the record and I need not further refer to it.

Sir CHARLES DAVIDSON: I think the statement was that they suspended it and retained it for defence purposes until their reserve came up to the standard which was fixed by regulations and which was quite a number of millions of rounds.

Mr. HUTCHESON: The letter of the 30th July, 1914, bears on that, and that letter was much decorated with foot-notes apparently.

Colonel MACDONALD: To which matter does it refer?

Mr. HUTCHESON: I am looking at pages 26 and 27 of the evidence taken on a former occasion. At page 28, General Macdonald says, in giving his evidence, that that was followed by a further memo of the 16th of October, 1914, by Colonel Gwatkin, Chief of the General Staff, which reads:

"With reference to File 122, the situation has changed since the word "destroy" was written, and the order unless repeated should not be carried out."

That is signed by Colonel Gwatkin, Chief of the General Staff, and then Colonel Macdonald had the following note: "Noted, necessary action taken."

Sir CHARLES DAVIDSON: The evidence of the Minister at pages 7 and 8 contains this: "I decided later on not to destroy this ammunition. I thought we could save this and make three or four hundred thousand dollars."

Mr. DEWART: I shall endeavour to go into that matter a little more carefully before the Commission meets again.

The Commission adjourned at 4.45 p.m. until Thursday morning the 25th day of May at ten o'clock in the forenoon.



ROYAL COMMISSION.

OTTAWA, Thursday, May 25, 1916.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the Sale, or disposal, by the Government of Small Arms Ammunition since the 4th of August, 1914, referred to in Returns made to the House of Commons on the 1st and 2nd May, 1916.

Met to-day at Ottawa.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

J. A. HUTCHESON, K.C., Counsel, to aid and assist the Commissioner in the Inquiry.

THOMAS P. OWENS, Clerk of the Commission.

HARTLEY H. DEWART, K.C., Counsel for the Liberal Party.

GEORGE F. HENDERSON, K.C., Counsel for J. Wesley Allison.

At the sitting of the Commission:

Mr. GEORGE F. HENDERSON, K.C.: The Clerk of the Court asked me to procure to-day the attendance of Colonel Allison, stating that otherwise it was the intention to subpoena him. I undertook that Colonel Allison would be here if he were needed, without a subpoena being issued to him. Yesterday afternoon, when Mr. Owens spoke to me about the matter, I telephoned on the long distance telephone to Colonel Allison, and found he was over on an island where he makes his summer home, and to which there is no telephone. The operator at Morrisburg took the message from me to be delivered to him, I stating that I desired him to be here to-day. Before leaving here he had invited me to spend the day with him on this island, and he got the message reversed, saying that I would be on the island to-day. He came over to Morrisburg this morning expecting to meet me, and he called me up on the long distance telephone when I explained to him how matters were. The arrangement now is that, unless he hears from me to the contrary before noon to-day, he will come up on this afternoon's train, and will arrive here about five o'clock.

Mr. DEWART: So far as I am personally concerned I made a suggestion the other day that perhaps it would suit the convenience of the Commission to let matters stand for a fortnight, because when the Commission opened the other day I was rather without instructions, and I do not know whether I have my bearings entirely yet as to the facts of the case. When I suggested an adjournment for a fortnight, I thought it might be for the convenience of all parties, so that we might then have the evidence of whomsoever it was necessary to bring here. I am not yet advised as to what witnesses can give the evidence that will be necessary. As a matter of fact, yesterday being a holiday, I was very busy. All I can say, sir, is I trust you will be able to give effect to my application for an adjournment, and that when the Commission rises to-day it will not meet again for probably a fortnight. Last night I endeavoured to give some consideration to the evidence which has been already given before the Commission. I think that the purposes of the inquiry, from the point of view that I represent, would be better effectuated if there was a delay, rather than if we were to press the matter on now. If my learned friend, Mr. Hutcheson, who is conducting the inquiry, and whom I desire to assist, would be good enough to say that he would consent to an adjournment to-night for ten days or a fortnight, I should take it as a personal favour, because I have personal engagements, and that would relieve my learned friend, Mr. Henderson, from the necessity of having Colonel Allison in attendance to-day.

Sir CHARLES DAVIDSON: What would be the possible hour of Colonel Allison's arrival?

Mr. HENDERSON: He would take the earliest train from Morrisburg to Ottawa, unless instructed to the contrary, he will be here about five o'clock this afternoon.

Mr. HUTCHESON: That involves the holding of an evening session, to hear the evidence of Mr. Allison. I do not myself feel the urgency of going into Colonel Allison's evidence today, especially having regard to the fact that it would involve sitting this evening. As to Mr. Dewar's desire for a postponement, I will go the length of saying that I will not oppose any reasonable postponement, although I would rather proceed at once. I, like Mr. Dewart, have such short notice of this matter, that I have not fully digested yet all this mass of material which has been brought before me, bearing upon the matter, and some delay would appear to me to be advisable. The length of the delay is entirely for you, Mr. Commissioner, to consider. I am always glad to assist Counsel engaged with me in a case in keeping their engagements, whenever I can reasonably do so, and if an adjournment is had until next week or the week after, or within a reasonable time, I will endeavour to make myself ready to be in attendance. Of course, the desire is to investigate this matter with great promptness consistent with thoroughness. There is no desire on the part of any person to prolong this inquiry unduly.

Sir CHARLES DAVIDSON: Why do you name a fortnight, Mr. Dewart; that is a somewhat formidable interval.

Mr. DEWART: I am bound to go to Winnipeg to-night, and my engagement there is on the 31st of May, and I fear that I will be delayed a little there. If you think ten days would be sufficient, I am quite content to say that the adjournment should be until a week from next Monday. I want to meet your views in every possible way.

Sir CHARLES DAVIDSON: If once we extend the delay to ten days a matter of three or four days more is not very important. My belief is that ere we adjourn and ere the application is finally and definitely decided, Colonel Allison ought to be here and ought to be examined.

Mr. DEWART: I quite see that with the Meredith-Duff Commission sitting here, possibly for the whole of next week and a portion of the week following, it might be possibly convenient for my learned friend and myself that the matter should stand for a fortnight.

Mr. HUTCHESON: What Sir Charles seems anxious to have determined by Counsel is as to whether or not we should adjourn before having Colonel Allison examined. He cannot appear before five o'clock this afternoon, and his examination will probably take some hours.

Mr. HENDERSON: I may say that Colonel Allison has an engagement of considerable importance elsewhere for to-morrow. It would be inconvenient for him to come here even this afternoon, but I did not intend even to refer to that. If it can be understood that he is not to come here until after the adjournment it would be all the better.

Mr. DEWART: I am quite content with that if your lordship sees fit.

Sir CHARLES DAVIDSON: It has to be remembered that Colonel Allison is in a delicate state of health, and it may be that the effect of his attending the Shell Commission and giving evidence there might necessitate his going away for the benefit of his health for some time after that, so that it seems to me to be of importance that he should be called before us at once and make any supplementary statement that may be desired to his former evidence. I am prepared to hold an evening sitting of the Commission—that will not alter your arrangements, Mr. Dewart?

Mr. DEWART: Not at all.

Mr. HUTCHESON: Colonel Allison has already been called and apparently closely examined by my predecessor as Counsel to the Commission. What I had in view was merely to submit him for further examination or cross-examination by my learned friend, Mr. Dewart. I at present do not know any avenue of inquiry which I would desire to follow further with Colonel Allison.

Sir CHARLES DAVIDSON: Colonel Allison should be examined before there is an adjournment.

Mr. HENDERSON: Then he will come on this afternoon's train.

Sir CHARLES DAVIDSON: Yes. I understand that Mr. Orr Lewis is present and that he has an engagement of some public importance which might call him to England. It would be well, then, to take Mr. Lewis' evidence now.

Mr. HENDERSON: Mr. Lewis told me this morning that he is very anxious to get away, and he is in the hope that we may finish with him to-day. Of course, I have thought that it would be desirable to have Mr. Allison and Mr. Lewis both present on the same day, as one can foresee that matters of importance may come up in which both might be interested.

FREDERICK ORR LEWIS, of Montreal, sworn:

Mr. HUTCHESON: I would like to state first that at the close of the adjournment yesterday, Mr. Dewart had just finished questioning Colonel Macdonald. I suggested that his re-examination had better stand for this morning, but as Mr. Lewis is here and in so great a hurry, I should like to have Colonel Macdonald's re-examination stand for further consideration.

Mr. DEWART: I am content.

Sir CHARLES DAVIDSON: Very well, proceed with the examination of Mr. Lewis.

Mr. LEWIS examined by Mr. HUTCHESON:

Q. Mr. Lewis, you reside in Montreal?—A. Yes.

Q. And you have been a resident of Montreal for some time?—A. For twenty-five years or more.

Q. Are you connected in any way with the house of Vickers, Limited?—A. Well no, not directly—probably the easiest explanation is to say that I am president of Canadian Vickers.

Q. Is that an incorporated company?—A. Yes.

Q. A separate incorporation in Canada?—A. Wholly separate in every way.

Q. And distinct in every way from the English firm of Vickers, Limited,—A. Distinct in every way.

Q. Is it incorporated by statute?—A. By letters patent, I think; it is an incorporated company.

Q. Do you know whether it is incorporated by statute or by letters patent?—A. I think it is incorporated by letters patent, I think it is a Dominion charter.

Q. Is the name of the Canadian incorporation the same as the name of the English incorporation?—A. No. The Company in Canada is called Canadian Vickers, Limited, and the English company is called Vickers, Limited.

Q. You are president of Canadian Vickers, Limited?—A. Yes.

Q. How long have you held that office?—A. Since the creation of the company.

Q. How long is that?—A. In 1912, I think, or possibly 1911.

Q. What is the object of the Canadian corporation?—A. They have large dry docks and large shipbuilding works, and they have a variety of other things appertaining to that class of work.

Q. Have they anything to do at all with war munitions of any description?—A. They are manufacturers of shells.

Q. Had they been engaged in that manufacture prior to the outbreak of the great war?—A. No.

Q. Are you able to tell us what are the objects of the English Vickers, Limited?—A. I do not know anything about it any more than I have been at their various works, and they are great builders of guns and munitions of war and ships.

Q. You hold no office in the English company?—A. None whatever.

Q. Are you an accredited agent of theirs in any way?—A. No.

Q. You are not an agent of the Vickers, Limited, in England?—A. No. Wait a moment, now, I had better make myself clear on that—prior to the establishment of the Canadian Vickers Company, which I am responsible for,—if it is necessary to say that—

Mr. DEWART: Which you really are.

Mr. LEWIS: I am very sorry to say, yes—prior to the establishment of this company I did look after the English Vickers' interests in this country, only in relation to the sale of material.

Mr. DEWART: I take it that that has nothing to do with this inquiry, because this inquiry, I take it, relates only to the sale of this small arms ammunition.

Sir CHARLES DAVIDSON: It is a matter of no importance one way or the other.

Mr. DEWART: We have nothing to do with anything that occurred before the 4th of August, 1914.

Sir CHARLES DAVIDSON: This evidence is simply basic.

By Mr. Hutcheson:

Q. Had you some connection with the matter which is within the scope of the inquiry and which for your information I will state to be the sale or disposal of small arms ammunition since the 4th of August, 1914? It has been suggested that there was a sale to or through Vickers, Limited.

Mr. DEWART: May I make the suggestion that I would like to get Mr. Lewis' original thought about the matter?

Mr. HUTCHESON: I am merely directing his attention to the question I am asking. There has been so much publicity given to the origin of this inquiry that I do not think any harm can be done by framing the question as I have framed it.

Mr. F. O. LEWIS.

By Mr. Hutcheson:

Q. You are aware, Mr. Lewis, of the matter that is being inquired into in this case?—A. Yes.

Q. Can you say to the Commission in your own words, the history of your connection, if any, with that transaction? When it began and how it began, and what each step was, proceeding slowly and carefully so that we can get it all down in the notes?—A. Well, I should tell you that I must explain that entirely from memory. I should say that my first knowledge of this transaction of the sale or purchase of ammunition—I should think I first heard it during the month of July or August of last year.

Q. From whom?—A. I will have to explain that. I left Canada for England on the first of May and unfortunately after my arrival in England on the 7th of May I was quite ill for some months. Owing to that I was unable to take any part in business for the greater portion of that time, and consequently what happened between my leaving here and for some months afterwards I knew nothing of until some time in August.

Q. On what date did you leave here?—A. As far as my memory goes I left here on the 29th of April.

Q. For England?—A. I spent the 30th of April in New York and sailed on the *Lusitania* on the first of May.

Q. As everybody knows the *Lusitania* met with disaster?—A. Yes.

Q. And you were on board at that time?—A. Yes.

Q. Did you suffer any physical injury as the result of that disaster?—A. Well, I prefer to say nothing about it.

Mr. DEWART: Everyone knows that Mr. Lewis was quite ill.

By Mr. Hutcheson:

Q. Can you state whether you were ill and for how long?—A. I was ill for a long time and I was badly hurt in the explosion on the ship, and I do not like to talk about it.

Q. How long did your illness last?—A. I arrived in Queenstown, Ireland, on the morning of the 8th of May, I think, and they took me to England on the 14th of May, and I was operated on on the 28th of May, and then I was practically laid up until some time in August.

Q. And you say it was during July or August of last year that you first heard of this transaction?—A. It would be afterwards, I might have known about this transaction before I left here on the 29th of April.

Mr. DEWART: The sale appears to have taken place in September or October. I understand that my learned friend starts with August and that the evidence is that this witness had first knowledge of the matters then.

Mr. HUTCHESON: Of course there was previous talk about it before the sale culminated, and I presume the Commissioner would be assisted by getting the history from the beginning.

By Mr. Hutcheson:

Q. Would you proceed, Mr. Lewis—you said that you first heard of it during July or August, 1915?—A. Yes.

Q. Can you tell us from whom you heard of it and what was it you heard?—A. What I did hear of it, so far as my memory serves me at present, was, that the purchase had been made.

Q. That the purchase had been made of what?—A. Some .303 ammunition.

Q. From whom?—A. Do you wish to know where I heard it; I would hear it from one of the directors of Vickers, Limited, I presume.

Q. The question I ask is, from whom the purchase was made?—A. I daresay it was from the Militia Department.

Mr. DEWART: That is very unsatisfactory evidence, the witness says: "I dare say."

Mr. HUTCHESON: I suppose everyone knows from whom the ammunition was purchased.

Mr. DEWART: I object to that form of giving evidence. My learned friend asked the witness from whom he heard the purchase had been made, and the witness replies: "I daresay it was from the Militia Department." I object to that as not being a proper answer to the question.

By Mr. Hutcheson:

Q. Give us your recollection about what was told you as to the purchase of this ammunition?—A. It is a little difficult after all this time for me to give you a detailed report in connection with this matter.

Q. If you cannot remember all you need to do is say so.

Mr. LEWIS: If you ask me a question I can answer it, but to go into details and tell the history of it in consecutive order, I do not think I can do so. I would hear naturally——

Mr. DEWART: I object to that—I do not think it is a fair answer.

Mr. LEWIS: Then I withdraw the word "naturally" and I will say that I heard from a director.

By Mr. Hutcheson:

Q. What recollection have you of it. If you have no recollection of it you can say so, and if you have some recollection of it you can tell us how far your recollection extends?—A. Then I am prepared to say that one of the directors of the Vickers Company over there told me of this purchase.

Q. Did he tell you who was the purchaser?—A. Well, might I just at this point say this: first, that the Canadian Vickers had no interest in it, and the English Vickers had no interest in this transaction. Neither the English Vickers nor the Canadian Vickers had any interest in it whatever.

Q. You say that neither the Canadian Vickers nor the English Vickers had any interest in it?—A. None whatever. Neither of these firms had any interest in this transaction.

Q. Can you tell us who was the purchaser?—A. One of the directors of the English Vickers came to Canada in April—I must go back a little to explain myself—came to Canada in March, I think it was of 1915, on a special mission which was in connection with the Imperial Government. I am naturally very careful about this because I do not wish to state in public what I should not state.

Q. I am only asking you to speak as regards this .303 ammunition transaction. I quite see we have no right to go into any other matters which may have been within the scope of that mission, and so, if you please, you might confine any answers you give to this particular transaction and do not lead us into any other transactions which are not within the scope of this inquiry?—A. That is very true. I do not know what I can tell you about the thing any more than that it is mixed up with the Imperial question. As far as I know——

Q. Are you able to tell us who was the purchaser of the .303 ammunition?—A. This director that I speak of, of the English Vickers Company.

Q. Who was he acting for?—A. Well, there is the question. Should I answer that?

Sir CHARLES DAVIDSON: Yes.

Mr. F. O. LEWIS.

By Mr. Hutcheson:

Q. Was he acting for Vickers?—A. He was not acting for Vickers, no. He was acting for the British Admiralty.

Q. And that is why you have already told us this morning that Vickers, Limited, had nothing to do with it?—A. They had nothing to do with it at all.

Q. And this gentleman happened to be a director of Vickers, Limited?—A. Yes.

Q. And you learned from this director about this purchase of .303 from the Militia Department.

Mr. DEWART: I object to that as very leading. My learned friend says: "You learned about this purchase," and the purchase had not taken place then. How could he learn about a purchase that had not taken place.

Mr. HUTCHESON: It seems to me that my learned friend, Mr. Dewart, is misunderstanding my position in this inquiry.

Mr. DEWART: I am understanding your question, and I object to that.

Mr. HUTCHESON: Pardon me, Mr. Dewart. My learned friend, Mr. Dewart, objects to my putting questions which he says are leading. I conceive that I am here to lead. I am here to conduct the inquiry. I am bringing witnesses here from any source where I can get them in order to bring out all the material that may be of assistance in arriving at a conclusion, and if I choose to lead I submit that I am quite within my rights. I shall refrain from leading any more than is reasonable in order to bring out the whole truth, and I do not think I can be justly accused of assisting any witness to give an answer in any particular way. So far as my leading the witness is concerned, I would like to have that point determined now. Am I not entitled to lead under the circumstances? I am not here as Counsel for a particular party, I am here as Counsel assisting in this inquiry on behalf of the people of Canada. I submit, sir, that objection should not be taken to my putting a leading question when that question is put with the object of eliciting the whole truth.

Mr. DEWART: My learned friend has failed to recognize the real spirit of my objection.

Sir CHARLES DAVIDSON: What is your objection?

Mr. DEWART: My objection is that my learned friend is asking this witness in reference to what took place in March, 1915, with regard to this purchase, when, as a matter of fact, the purchase did not take place until September, 1915.

Sir CHARLES DAVIDSON: If the witness is aware of any fact that led up to that purchase, I should think that evidence would be quite relevant.

Mr. DEWART: That view did not strike me, sir. I withdraw my objection.

Mr. HUTCHESON: And I have explained why I had to go back to a date previous to the purchase.

Sir CHARLES DAVIDSON: Go on, please.

By Mr. Hutcheson:

Q. You having learned from this director of Vickers, Limited, that this purchase from the Canadian Militia Department was being discussed by the Imperial Admiralty, what further connection did you have with the matter, if any—give us the history in order of date?—A. You asked me what further connection did I have with the transaction?

Q. Yes, you yourself?—A. To be frank with you, I do not know that I had any connection of importance with it at all. If I might explain, I am a trustee purely and simply in connection with the matter.

Q. We will come to that presently—had you anything to do with fixing the price?—A. Nothing whatever.

Mr. F. O. LEWIS.

Q. Do you know of your own knowledge by whom the price was fixed or how it was fixed?—A. No.

Sir CHARLES DAVIDSON: Or about the class of ammunition.

By Mr. Hutcheson:

Q. Had you anything to do with selecting the class of ammunition which would be supplied?—A. No, and I was unaware, until I read the report in the public press, that the ammunition which had been supplied was under suspicion. I was also unaware when I left this country last summer that there was any ammunition for sale.

Q. That there was any ammunition for sale?—A. Yes, or any ammunition in the country that they wanted to dispose of.

Q. You had nothing to do at all with fixing the price or determining upon the class of ammunition which would be supplied or anything of that sort?—A. Nothing whatever. The price was fixed, so I have been informed since, some months after the shipment was made.

Q. Did you have anything to do with the payment for this ammunition and if so, what?—A. Yes, I had to do with the payment for it, but only as a trustee.

Q. That brings us to what you were about to tell us as to your position?—A. As trustee, this ammunition was paid for through this trustee account.

Q. We have not yet learned of any trustee account—please confine yourself to the matter we are investigating—you mentioned a trustee account?—A. Yes.

Q. What account was that?—A. That was an account established by a deposit of British money in order to take care of transaction of this kind.

Q. The account would be by whom?—A. The account would be by the British authorities to take care of transactions of this kind.

Q. What British authority?—A. Well, I presume that one time it would be the Admiralty and another time a department of the British Government.

Q. Confine yourself to this matter, what account would that be?—A. That was the Admiralty.

Q. Where was the account kept?—A. At the Agency of the Bank of Montreal, New York.

Q. You spoke of it as being a trustee account?—A. Yes, a trustee account.

Q. Who was the trustee?—A. I am the trustee.

Q. Is the trust evidenced in writing in any way?—A. No, it was verbally arranged in New York.

Q. Was the verbal arrangement made direct with you?—A. Yes.

Q. Can you tell us by whom?—A. I could tell you that privately, but I could not tell it publicly, perhaps.

Q. If any state secret is to be disclosed, I cannot see that the evidence is important enough to make it worth pressing.

Mr. LEWIS: If Mr. Dewart would be satisfied with a private statement in connection with it, I will give it to him with pleasure.

Mr. DEWART: I do not want that.

Sir CHARLES DAVIDSON: In this matter, when the witness states that the public interest would be affected by making the statement in public, and is willing to make it privately, why should it not be proper to accept the information in that way? Otherwise I shall sit in camera.

Mr. DEWART: I almost hesitate to express my view of the way in which the evidence of the witness is being given, but I shall have to leave it to you, sir, and not to myself, to say whether I should accept the private statement.

Sir CHARLES DAVIDSON: No, sir, you cannot put it in that position; proceed with the examination.

Mr. F. O. LEWIS.

By Mr. Hutcheson:

Q. When was this arrangement made in regard to this trust account?—A. In April, 1915.

Q. And you say that money was deposited to your credit as trustee in connection with this ammunition purchase?—A. Yes.

Q. Did you yourself give any cheque on that trust account in payment for this ammunition which we are considering?—A. No.

Q. Where were you when payment were made for it?—A. In England.

Q. Are you able to tell us how that was carried out without you giving a cheque?—A. The Bank of Montreal, acting on behalf of the trustee, would know of the transaction, and when the proper documents were before the Bank and the transaction was complete, and the material shipped, the Bank of Montreal would pay for it.

Q. The bank would make the payment?—A. Yes, and I may add to that that I neither deposited the money nor checked it out.

Q. You neither deposited this money nor checked it out?—A. No.

Q. I am asking you so as to get it on record, but it is a thing which everybody knows, that the Bank of Montreal are also the Government bankers here in Canada?—A. Yes.

Q. Were you advised of the transaction, that is the payment, having been carried out?—A. Yes, I was advised.

Q. At the time the transaction was carried out, or when?—A. I would hear of it in the ordinary course of events; I do not know how soon afterwards I was advised of it.

Q. It was some time afterwards, but you cannot tell the date?—A. Yes.

Q. By whom were you advised?—A. By the agents of the Bank of Montreal in New York.

Q. Have you any letters or telegrams or anything of that sort bearing in any way on this trustee matter?—A. No.

Q. Are there any such documents in existence?—A. There might be some small memoranda in England, but there is no correspondence about it.

Q. You know of no correspondence bearing on the matter at all?—A. No. It was all completed in 1915; that is as far as the purchase was concerned, and that is the only part of the transaction that has been completed. The Canadian Government have been paid for their ammunition by the Bank of Montreal in the regular way. No other payments on any account have been made in connection with the ammunition that we are discussing.

Q. We will come to the details of that now—how much was paid to the Canadian Government or to the Militia Department for this ammunition?—A. I believe the total was almost three million rounds of ammunition, and the amount would be in the vicinity of \$60,000.

Q. In how many payments was that made; was it made in one payment or in more than one?—A. It would be more than one.

Q. Do you know how many?—A. No.

Q. And you say you signed no cheques for any of these payments?—A. I did not.

Q. Was your consent obtained subsequently to the debiting of the account with the amount of any one of these payments at the time it was made?—A. The sellers would furnish the invoices, I presume.

Q. To you?—A. No, to the bank.

Q. I am asking you about your consent. Was your consent obtained before the debit was put against this account for the amount of the invoices; was your consent obtained that that debit be put against the account and the money withdrawn?—A. As trustee, yes.

Mr. F. O. LEWIS.

Q. In each instance?—A. I do not think there was more than one authorization. As I mentioned before, the Bank of Montreal would know of the purchase and the amount to be paid.

Q. You say that you do not think there was more than one authorization, what was the nature of that authorization?—A. Well, they would know.

Q. Was the authorization as coming from you verbal or written?—A. Written.

Q. You think that would be written?—A. The purchases would be made; the Bank of Montreal would be informed of these purchases, and when the transaction was completed by the shipment then they would make the payment without reference to anyone.

Q. And without reference even to you?—A. Without reference to me.

Q. And this authorization from you that you are speaking of—you said you thought there was one authorization from you—was that a general authorization or a specific authorization in each case?—A. It was an authorization in the beginning.

Q. It was not a specific authorization regarding this ammunition?—A. I said before there might have been one letter written about it, but my memory does not serve me well enough to definitely state that.

Q. Where was this done?—A. That was all done in London.

Q. If there be such a letter written, did you keep a copy of it?—A. No.

Q. The payments aggregated about \$60,000?—A. Yes.

Q. Do you know of your own knowledge what connection Colonel J. Wesley Allison had with this matter, and how he came to be connected with it?—A. This thing originated when I was not attending to my affairs. I should say that Colonel Allison put forward a proposal.

Q. That is your understanding?—A. Yes.

Q. Your understanding is that Colonel Allison put forward the proposal?—A. Yes.

Q. Did he confer with you about it at all?—A. No.

Q. Did he at any time confer with you about the negotiations for the sale or purchase of ammunition?—A. No, I never spoke a solitary word to Colonel Allison or anyone else in connection with it up to the time I left here, or I think until the time I returned.

Q. When did you return?—A. I returned in March of this year.

Q. In March, 1916, you returned from England to Canada?—A. Yes.

Q. After having been absent how long?—A. For about eleven months, I left here on the 29th of April.

Q. When did you first learn that Colonel Allison was in any way connected with the carrying out of this transaction?—R. The information came to me when I first sent up to London, that would be some time in August, 1915.

Q. So that down to the completion of the transaction, so far as it has been completed, you have had no communication directly or indirectly with Colonel Allison about it?—A. As trustee, I would see letters or telegrams if he wrote them or sent them, but I do not remember.

Q. If he wrote or sent them to whom?—A. Probably they would go to Sir Trevor Dawson, or they would come to myself direct.

Q. Am I to understand you that would not be a communication with him direct, that would merely access to communications from him to somebody else; did you yourself have any communication with him directly or indirectly?—A. I should think that the bills of lading might have been sent.

Q. Would Colonel Allison send the bills of lading?—A. Yes.

Q. Did he send them to you?—A. I think so.

Q. You think he did?—A. Yes.

Q. You then being in England?—A. I then being in England. He either sent them to me or I saw them in London.

Q. Does your memory serve you as to which way it was?—A. I am very hazy about it.

Q. Apart from the possibility of his having mailed the duplicate of the bills of lading, did you have any other communication with him in any way, so far as you can recollect?—A. So far as I can recollect my answer is no.

Q. To the best of your recollection your answer is “no”?—A. To the best of my recollection my answer is no.

Q. Then going back to his \$60,000 odd dollars, do you know what that payment or these payments for the ammunition covered?—A. The quantity of the ammunition was about 3,000,000 rounds and the \$60,000 odd would be the purchase price at \$20 per thousand.

Q. Was anything added to the purchase price, that is to the \$20 per thousand?—A. As in all transactions of this kind, when a purchase is made, a round sum of money is deposited, and the amount is afterwards credited if it is under, or the opposite, if it is over. This transaction evidently was deposited on the basis of about \$75,000 or \$70,000 odd.

Q. A round sum?—A. Yes.

Q. Was it in one deposit?—A. No, adding the totals together of the various deposits.

Q. It aggregated how much?—A. Between \$70,000 and \$75,000.

Q. Was that figure arrived at in any exact way by taking into account any definite specific items to make it up?—A. It would be arrived at in this way, I presume: they would take the ammunition at the price, and the packages or boxes, and make a lump sum, and transfer the funds to the account, and when the transaction is completed, when the sale is finished, whichever way the account stands is the way it would be credited. If it is overpaid then the account would credit it or pay it back; if it is underpaid they would pay from the next transaction a sufficient sum to make up the shortage.

Q. And square the books?—A. Yes.

Sir CHARLES DAVIDSON: Can you state at what round sum per thousand the deposit was based on?

The WITNESS: I do not know it was based on any.

Sir CHARLES DAVIDSON: If \$25 were suggested to you what would be your belief about that?

The WITNESS: That would probably be taken in this way: to cover the boxes.

Sir CHARLES DAVIDSON: Would a general idea be had as to the amounts?

The WITNESS: It could not be taken at \$25 per thousand, because the total amount of the deposit, as I understand it, is less than \$25 a thousand for the 3,000,000 rounds of ammunition.

Sir CHARLES DAVIDSON: \$25 per thousand for 3,000,000 rounds would be \$75,000; you mentioned a deposit of \$70,000 or \$75,000.

The WITNESS: That was the total.

Sir CHARLES DAVIDSON: That is approximately about \$25 per thousand?

The WITNESS: Yes, but that would include the boxes.

Sir CHARLES DAVIDSON: Yes, I am speaking of the amount that was put to the credit of this fund.

The WITNESS: Yes.

By Mr. Hutcheson:

Q. Then the payments that were made to the Canadian Government or to the Canadian Militia Department included all the items in making up the account?—A. The price is \$20 and the other charges, the price of the purchase which was \$20 per thousand rounds and the boxes.

Q. Who paid the freight?—A. At one time I believe a portion of the freight had been paid both by the Admiralty and by Mr. Searles.

Mr. F. O. LEWIS.

Q. Who is Searles?—A. He is a man who handles a large amount of munitions for the Imperial people, and he is an employee or an officer of the Vickers Company, Limited.

Q. The files on record in this case show that Searles was the consignee of this ammunition?—A. Yes.

Q. You have described his position?—A. Yes.

Q. Another expression which has been used in the course of this proceeding is "Vickers House", what is that?—A. That is the building their offices are in.

Q. Has any final adjustment been made as between your trustee account and the Militia Department in this matter?—A. The Militia Department have been paid for the ammunition.

Q. Paid in full?—A. Yes, so far as I know.

Q. Are there any other payments to be made out of this account in connection with this ammunition transaction to any person?—A. I do not know of any.

Q. You do not know of any?—A. No.

Q. Have you any knowledge of any arrangement or understanding either expressed or tacit that Colonel Allison is to receive anything in connection with this purchase of ammunition?—A. He is not to receive anything as far as the trusteeship of the account is concerned, which covers the entire affair.

Q. Has he received anything?—A. Not a penny.

Q. Has he been promised anything?—A. Not a penny.

Q. Has he reason to expect anything?—A. I do not think so; there was no promise of anything.

Q. And what of Vickers, Limited? Is there any possibility of them making a profit in any way in connection with this matter?—A. They are not interested in it, they are not interested in it in any way, shape or form.

Q. Do you know of Searles being entitled to receive anything?—A. No.

Q. Do you know of any person who was to receive any commission or profit in connection with it?—A. No.

Sir CHARLES DAVIDSON: Develop that—the witness simply states he does not know of it; put your question in the same form as you did with respect to Colonel Allison.

By Mr. Hutcheson:

Q. Do you know of any reason why Searles should expect to receive directly or indirectly any commission in connection with this transaction?—A. No.

Q. Has any payment of any kind been made to Searles out of this trustee fund?—A. Not that I know of, and if there was any I would know of it.

Q. Do you know of any person, from the beginning to the end of the transaction, who has received or is to receive, or who expects to receive, any commission, profit, honorarium or anything of that kind in connection with this purchase of ammunition from the Dominion Government?—A. No.

Sir CHARLES DAVIDSON: Have you asked the witness specifically as to himself?

Mr. HUTCHESON: I am coming to that.

Q. Then I ask you, Mr. Lewis, confining your answer to this ammunition, are you to be paid a commission in respect to that purchase?—A. No.

Q. None whatever?—A. No.

Q. Have you been paid any commission?—A. No.

Q. Is there any arrangement expressed or implied that you are to get any sum of money whatever in connection with this ammunition purchase?—A. No.

Q. Has the cost of this ammunition to the British Admiralty been in any way increased by the intervention of Colonel Allison?—A. No.

Q. Have you your bank book showing the trustee account?—A. There is no bank book.

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Q. Have you ever had a copy of the account?—A. I have had a sheet showing the debits and credits.

Q. Of the whole account?—A. Yes.

Q. Have you any sheets showing the debits and credits in connection with this ammunition transaction alone?—A. No.

Q. Then the sheet that you spoke of contains a record of other matters not connected with this ammunition purchase?—A. Precisely so.

Q. There is only one trustee account, I understand, from what you tell us?—A. There have been two trustee accounts.

Q. Explain that?—A. No. 1, account is covered by transactions that are complete, so far as the purchase and sales are concerned, and they have nothing whatever to do with Canada or Canadian matters. There is another which is called No. 2 account.

Q. Then we have no concern with No. 1 account?—A. No.

Q. Do you know of any reason why it should have any bearing on this matter at all, in connection with the purchase and sale of this ammunition?—A. No, it was closed before this ammunition matter came up.

Q. There is only one trustee account now in existence?—A. Yes.

Q. That is the one that you have mentioned?—A. Yes.

Q. Can you tell us why you became trustee in this matter?—A. I can tell you simply and very easily. Well—but I think it is not information that should be stated publicly.

Q. Perhaps I put my question too broadly—I was desirous of knowing why they selected Mr. F. Orr Lewis to be the trustee; that is the extent to which I intend to put my question?—A. I would like to make this whole matter very clear, but this is war time. I have allowed my name to be used in war time. To come back to my former remark, Mr. Dewart, if you would be content with private information I will give it to you, but otherwise the information should not be made public.

By Mr. Dewart:

Q. What sum did you receive from the Admiralty with which to pay for this ammunition?—A. The trustee account was credited with an amount—speaking from memory, it was between \$70,000 and \$75,000, I think.

Q. There is a difference of \$15,000 approximately between the price that was paid for the ammunition in Canada and the amount that the Admiralty provided; have you returned that money to the Admiralty?—A. There has only been one transaction in connection with it, namely, that the Canadian Government have received payment for the ammunition. There has not been any other transaction in connection with it, and there cannot be until I return to England.

Q. Then I may take it that you have neither paid to the Canadian Government the difference between the amount that the Admiralty deposited to the credit of your trust account and the cost of the ammunition, nor have you paid that back to the Admiralty?—A. That is precisely it, you are correct in that.

Q. It would hardly be correct to say, would it, that Colonel Allison was the Canadian representative of Vickers, Limited?—A. It would not be correct to say that.

Q. He never occupied that position, so far as you are concerned, by any delegation of authority which could only come from you?—A. No.

Q. That is quite true?—A. Yes, that is quite true.

Q. And so far as you were concerned, having regard to the confidential position which you appear to have occupied, and which I do not wish to investigate, it would not be necessary for the Admiralty to employ anybody, such as Colonel Allison, to effect the purchase of ammunition?—A. I would require to answer for the Admiralty to answer your question, and I cannot do that.

Q. The confidential position which you appear to occupy, and which I am not endeavouring to investigate, put Frederick Orr Lewis in such a position that he was the man through whom the Admiralty would act, and not Colonel Wesley Allison; that is correct, it is not?—A. No.

Q. Can you suggest any reason for Colonel Allison's intervention?—A. Yes, I will try to suggest a reason that will be quite clear; he was selling large quantities of ammunition to the British Government through this same source.

Q. From Canada?—A. Through this same source.

Q. I do not understand this. What do you mean by "through this same source." Do you mean he was paid for the ammunition through this same account?—A. No, I am not talking about money at all now. He had sold to the Admiralty, if I be correct, through the source of my trusteeship, to the people of England, other munitions of war.

Q. But in this particular instance, apparently one of your directors of Vickers, Limited, had acquainted you early in 1915 with the fact that the Admiralty desired to get some ammunition; I think that is what you stated?—A. No, sir.

Q. Your first knowledge of the sale came to you in 1915, and as I took it down one of the directors of Vickers, Limited, told you of this purchase?—A. Not in April, 1915.

Q. That is early in 1915?—A. The first I knew of this purchase was in August, 1915, or about August.

Q. When you spoke of the purchase you spoke of it as a prospective purchase and not as one that had taken place?—A. At that time I speak of it had taken place.

Q. It had not taken place until the 16th of September?—A. I think you will find it was long before that.

Sir CHARLES DAVIDSON: The letter of the 8th of September, 1915, from Colonel Allison to General Macdonald says:

"Referring to my arrangement with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson,"

so that it must have occurred some time before that date.

By Mr. Dewart:

Q. Did you hear of this matter as early as July or August?—A. I would say it was the latter part of July or early in August.

Q. Are you at liberty to state from whom you learned it then?—A. Yes, I think I have already stated that I would hear it through a director of Vickers who was out here on a special mission.

Q. What was his name?—A. Sir Trevor Dawson.

Q. Then was any suggestion made to you at any time, Mr. Lewis, that this ammunition was to be used for the purpose of testing machine guns to be manufactured by the Vickers Company?—A. No.

Q. You knew it was going to the Admiralty?—A. I neither knew where it went nor what it was for.

Q. All you knew was that it was wanted for Admiralty purposes?—A. No—one moment; I neither knew where it went or what it was used for in any way. If the Admiralty ordered it what it was for was their affair, I do not know.

Q. It was not being purchased by Vickers, Limited, either English or Canadian?—A. Vickers, English or Canadian, had no interest in it at all.

Q. So that, as a matter of fact, in your name stood the account in New York, and not in the name of Colonel Allison?—A. The trustee account is F. Orr Lewis, Trustee.

Q. And all the dealings in this transaction with which you have made yourself cognizant were through that account?—A. The purchase price has been paid to the Canadian Government, and the amount has been deposited by the Imperial people.

Q. Do you produce to-day copies of these two accounts of yours in the Bank of Montreal, New York?—A. No, I could get you them. There is no difficulty about that. The first one was closed before this transaction came up, and it had nothing

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to do with it whatever. Anyway, it was all for foreign material, it had nothing to do with Canada. The second account is open. As I explained before, there is no bank book.

Q. May I suggest that there was another account of F. Orr Lewis in the Bank of Montreal which was a personal account?—A. You may suggest it, but there was no other account of Orr Lewis that had anything to do with this material in any way.

Q. I am not asking about this material at all; but sometimes did cheques find their way from F. Orr Lewis, Trustee, to F. Orr Lewis, himself, or were transfers made from the trust account to your personal account in the Bank of Montreal, New York?—A. No. F. Orr Lewis has not received one fraction of one penny from the trustee account for other purposes than the trusteeship

Q. And at no time has there been any transfer of moneys, or any suggestion of that?—A. No.

Q. You swear to that?—A. I am swearing to everything I say here.

Q. Can you account for Colonel Allison writing on the 8th October and asking with reference to the second shipment that the account be mailed to him at Morrisburg, when you were the known trustee?—A. Who could he write that letter to?

Q. He wrote to General Macdonald, Quartermaster General, in the 8th of October, 1915?—A. I had nothing to do with the Militia Department at all.

Q. No, but I am asking you, can you suggest a reason for that, when this was a matter which you were handling in a confidential way, in a confidential way which you cannot disclose, and when you were the chosen custodian of the funds of the British Admiralty; can you suggest why Colonel Allison should ask that the account be mailed to him at Morrisburg on the 8th of October.

Mr. HENDERSON: My learned friend, Mr. Dewart, is reading from Hansard, and statements made by members in the House of Commons are usually inaccurate

Sir CHARLES DAVIDSON: What is that, Mr. Henderson.

Mr. HENDERSON: He is reading from Hansard.

Sir CHARLES DAVIDSON: That does not surprise me, but your subsequent statement did.

Mr. DEWART: I call your attention to this telegram dated Morrisburg, 8th of October, 1915:

“General D. A. MACDONALD,
Quartermaster-General,
Ottawa.

Telegram fourteenth received. Ship seven hundred fifty thousand three hundred ten stop, three hundred and three mark six to same address as others, Vickers House. Mail, account to me here.

J. WESLEY ALLISON.”

Can you suggest why Colonel Allison should want the account mailed to him at Morrisburg?—A. Are you asking me?

Q. Yes?—A. Did not Colonel Allison carry out the purchase with the Militia Department.

Q. I am asking you for whatever explanation you may want to make?—A. Colonel Allison made the arrangement for the purchase of this material from the Canadian Militia Department.

Q. Are you personally aware of that?—A. Only from the evidence given or from reading Hansard, I have read it some place.

Q. There is a letter marked “confidential” on page 20 of the return, from which the confidential mark has since been withdrawn. It is a letter from the Manhattan Hotel on the 6th of October, 1915, where were you then?—A. In England.

Mr. F. O. LEWIS.

Q. There is a letter from Colonel Allison, dated Hotel Manhattan, New York, October 6, 1915, with reference to the purchase of this 750,000 rounds of cartridges, and saying he has just received instructions from London requesting him to order that, and saying that they have asked that he should permit them to deposit the amount of the purchase price to the credit of the Canadian Militia Department in London, at the Bank of Montreal there. Can you make any explanation of that; how did that arrangement come to be suggested, you were in England at the time?—A. Yes, I was in England.

Q. And COLONEL ALLISON says:—

“I have just received instructions from London requesting me to order from you an additional 750,310 .303 Mark VI cartridges, to be shipped to the same address as referred to in my letter of September 8.”

Did that order come from you?—A. I do not know.

Q. Have you the letter about that?—A. No.

Q. Do you keep a letter book in reference to your correspondence and these things —I have understood you are one of the most methodical men, and that you not only keep a letter book but you number all your letters?—A. I do number my letters.

Q. Do you keep a letter book?—A. No.

Q. A duplicate file?—A. Yes, I know that what happened in this matter happened in England, and I have no correspondence in reference to it.

Q. You have three offices, one in London, one in Montreal, and one in New York? —A I have no office in New York; I have no office in London but I have a place there where I go.

Q. Where would be found the copies of the correspondence relating to this matter? —A. Any correspondence relating to that will be found in London, England.

Q. So that if any communications have been made in your name, we would have to get your London file?—A. This business does not take a lot of correspondence. I have already stated that if there is anything in connection with this at all it would be a very simple matter.

Q. But much or little the Commissioner might prefer to judge as to whether even a little correspondence is important or not, and what I am asking you is where we are to get such correspondence or copies of such letters as you have sent and received with reference to these matters; you realize that you are not producing anything to-day?—A. I have nothing to produce.

Q. Had anyone authority to negotiate with reference to this matter on your behalf? —A. You evidently are putting it the wrong way around; I did not buy this ammunition.

Q. Nobody is suggesting that—we have the fact now that the Admiralty bought it and we find that the difference in price has not been returned to the Admiralty, and has not been paid to the Canadian Government?—A. Wait a minute—what was that statement you made?

Q. That the amount that was deposited for the payment of the ammunition; that the difference between that deposit and the amount that was paid to the Canadian Government has not been returned to the Admiralty or to the Militia Department?—A. But you do not go on to the finish of my previous remarks when I said that that transaction is not completed. The money has either has not all been received or some of the material has not been settled for, and it must of necessity await my arrival on the other side.

Q. Do you realize that in business transactions such as this, one would naturally look for some correspondence in which you, as trustee, would be interested?—A. When I was in London there would be no correspondence; these things would be done verbally.

Q. Verbally?—A. Yes.

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Q. There was a good deal of correspondence of some importance with Colonel Allison that I shall call attention to—do you pledge your oath that you have no letters written to you, or by you, or on your behalf, in connection with this matter?—A. To the best of my knowledge, no.

Q. Had anybody authority to write letters for you?—A. Yes, there would be other people writing letters.

Q. Who would have authority on your behalf to write letters for you as trustee relating to this matter, when you were in London in 1915?—A. They would be written in London.

Q. Had anybody authority over here to write them?—A. Nobody.

Q. Colonel Allison had not such authority?—A. No.

Q. Then when you look a little further, can you account for it how it was that Colonel Macdonald, under date of the 23rd of November, 1915, page 26 of the return, would write to Colonel Allison:

“With reference to my letter of the 1st instant, numbered as above, please find copies in duplicate of vouchers No. B 105 and B. 176 for Mark VI ammunition shipped to Vickers, London.

“Will you kindly instruct your principals to place the amount of \$20,926.94 to the credit of the Receiver General of Canada in the Bank of Montreal in London.”

Then, following that, there is a letter which reads:

“C. 1718. A.P.M.G.

“Copies of the attached C.D. V. Vs. Nos. B. 105 and B. 176, totalling \$20,926.24, have been passed to Col. J. Wesley Allison, Morrisburg, the Canadian representative of Vickers, Ltd., of London, Eng., with request that he instruct his principals to place the amount to the credit of the Receiver General of Canada in the Bank of Montreal in London.”

Can you explain why Colonel Allison should be referred to as “the representative of Vickers, Limited, of London, England?”—A. No.

Q. Had you any communication with Colonel Allison at all with reference to this matter, or did any communication take place with him on your behalf?—A. Colonel Allison might be the purchaser for anything we had to sell.

Q. But in this particular instance, so far as the matter of the ammunition is concerned, is there any correspondence between you and him or anybody on your behalf; have you looked to see?—A. Yes, there is no correspondence in Canada. When I left England in March there was nothing for me to carry a lot of papers over about. The thing had been completed, so far as the purchase is concerned. Whatever little things there may be in the way of correspondence, are in England. I dare say one cable would settle the whole transaction.

Q. What creates my difficulty in the matter is the fact that Colonel Allison represents himself as being the responsible agent for Vickers, London, in this transaction, and I want to know whether there are any letters in existence which would give him that authority, when you are Vickers, Limited, in Canada, and their responsible agent and representative here. I want to know what authority he could have for posing as the representative of Vickers, Limited?

Mr. HUTCHESON: Where do you find he posed as that?

Mr. HENDERSON: I have never heard of him posing as the representative of Vickers. It would not be unnatural for Colonel Allison to assume that Sir Trevor Dawson was representing Vickers; it would not be likely that Sir Trevor Dawson would tell his private relationship to the Admiralty to Mr. Allison.

Mr. DEWART: What I want to know is, who it was that put it over the Militia Department; who was it that gave them the false representations in respect to this

Mr. F. O. LEWIS.

matter as the result of which the Prime Minister was misled and everybody was misled in the discussion of this matter. On page 20 of the return, there is a memo. under date 20th December, 1915, which I will read for you, and it is signed by Colonel Macdonald, P.O.O., and he says, addressing the Quartermaster-General:—

“Colonel Allison has applied for 2,000,000 rounds of S. A. ammunition, Mark VI, for his principals, the Vickers Maxim Co., of London.”

Then I find that this is endorsed by General Macdonald: “Minister says O.K.” Then there is on it a query made by the minister: “Ascertain where and by whom this is to be used if sold by O. C.,” and then there is a memo. by the deputy minister:—

“Please note minister’s instructions. If this ammunition is to be sold it must be done by Order in Council and the minister’s inquiry should be fully answered.”

Mr. HUTCHESON: My learned friend and I discussed yesterday that memo. of the minister’s.

By Mr. Dewart:

Q. What I am asking you is this: can you give any explanation or have you taken the trouble to inform yourself, since this matter has come up, as to why Colonel Allison should apply for 2,000,000 rounds of ammunition for his principals, the Vickers Maxim Company of London, when they were admittedly not his principals at all.

Mr. HUTCHESON: That statement does not come from Colonel Allison but from Colonel Macdonald.

Mr. HENDERSON: Colonel Allison has nothing to do with what impression Colonel Macdonald may have had.

Mr. DEWART: I want to know who it is that put this false idea into the heads of the Militia Department from the minister down.

Mr. LEWIS: Please do not give me any greater importance than I have. I am not the head of the English Vickers, Limited.

Mr. DEWART: You are the whole works here.

Mr. LEWIS: I am president of the Canadian Vickers, and please limit it to that, because there are a number of gentlemen here who are taking down notes for the press, and I do not want my position misrepresented.

Mr. DEWART: They will not put down anything that is not accurate.

Mr. LEWIS: No, but I do not want any one to think that I am usurping a position which I do not hold. You have asked me how Colonel Macdonald would come to write that letter; I cannot inform you how Colonel Macdonald would get any idea such as is expressed there.

Q. Had you any knowledge with reference to this ammunition at all before you went to England?—A. None.

Q. That is on the 29th of April, 1915?—A. Yes, I had none.

Q. You have been fairly well acquainted with the hardware business in Canada; that has been your special business?—A. Yes.

Q. Have you dealt extensively in the matter of ammunition and rifles and all that sort of thing?—A. Yes.

Q. Do you say that you had no knowledge as to the condition or character of the ammunition before you went to England in 1915?—A. None.

Q. So that with your extensive knowledge of these affairs in the Dominion of Canada, you probably had been at the Arsenal in Quebec?—A. No.

Mr. F. O. LEWIS.

Q. You never had been there?—A. Well, I went there, I think, once. I have been at the Arsenal in Quebec but it was ten years ago, long before the war.

Q. It would be in the line of your business to inform yourself as to the character of the guns and the ammunition and that kind of thing, in Canada?—A. I am not actively in the hardware business and have not been for over ten years.

Q. You are more particularly now dealing with larger affairs, shipbuilding, and munitions of war, and so on?—A. Yes, we launched a vessel the other day.

Q. Before you went to England in April, 1915, did you know that there was any ammunition in Canada that was under suspicion?—A. No, I did not.

Q. You were not aware from the Barlow report that there was any ammunition which remained here that was considered suspicious and that had not been destroyed?—A. I should think I read Barlow's report but I did not know anything about any ammunition which existed in Canada that was under suspicion.

Q. Since you have been associated with this transaction, and considering the publicity that has been given to it, I suppose you went to some trouble to find out what became of the ammunition?—A. No, I did not.

Q. You have not gone to any trouble in that respect?—A. No, I know where it went to, I know that it reached England, and that is all I know about it.

Q. You do not know whether it has blown up the Admiralty or not?—A. No.

Q. And you have not taken the trouble to inquire?—A. I would not say it was trouble, but I did not do it.

Q. Were you in Canada on the 13th day of May this year?—A. I was on this side of the ocean—I may have been in New York.

Q. It was on a Saturday and there was a debate in the House of Commons with reference to this matter, and the question had already been referred to Sir Charles Davidson, and Sir Charles Davidson was sitting on the Commission that morning, and the House sat in the afternoon and the matter was discussed there?—A. Is that the time that someone raised the question about the Commission sitting?

Q. Yes, there were some remarks and suggestions made that it might be referred to another commission, and it then turned out that the matter had been referred by Sir Robert Borden to Sir Charles Davidson; were you here then?—A. I was in Montreal, I think.

SIR CHARLES DAVIDSON: That statement of yours, Mr. Dewart, is hardly precise.

MR. DEWART: Hardly, sir, I want to make it correct. It turned out that it was referred by Order in Council, and not by Sir Robert Borden, to Sir Charles Davidson. There was a statement made by the Prime minister at that time, as I see by page 4039 of "Hansard," in which he takes exception to certain things, and he says:—

"The honorable gentleman (Mr. McKenzie) is not well advised in making that statement, because the documents upon their face show that the ammunition was sold to Vickers Limited."

You did not furnish the Prime Minister with that incorrect information?—A. No.

Q. Then the Prime Minister goes on to say:—

"and the shipping documents which have been brought down and laid upon the table show that the ammunition was shipped in care of Vickers Limited, London, England."

You are aware it was not to Vickers, Limited, but to Vickers House?—A. Yes.

Q. You are not responsible for the suggestion that it was sold to Vickers, Limited?—A. No.

Q. With reference to Mr. Searles, who has been referred to, what position does he occupy in connection with Vickers Company, Limited?—A. He is in one of the departments; he is in the gun and ammunition department.

Q. In what capacity?—A. He is an official there.

Q. He is not a director?—A. No.

Q. Did you suggest his name as a person to whom the ammunition should be shipped?—A. No.

Q. Can you account at all for how his name came to be used?—A. His name was used for all the shipments from this side.

Sir CHARLES DAVIDSON: You might proceed to ask why it was not shipped to Vickers, Limited, was there any public reason for shipping it as it was shipped?

Mr. DEWART: Vickers, Limited, I take it, had no interest in the matter at all.

Sir CHARLES DAVIDSON: But in regard to the other things, is there any explanation which you might properly ask?

Mr. LEWIS: These shipments were shipments of war materials, and the answer which suggests itself is that the Vickers name would not be used.

By Mr. Dewart:

Q. Have you taken the trouble to go over your files at all to see whether you can assist the Commission by the production of any letters or documents?—A. I have answered that before.

Q. I refer now to Montreal—have you had anybody make a search to see if there is anything there?—A. I know what things I have myself.

Q. I presume you did not have time to get from New York copies of your account from the Bank of Montreal there?—A. No.

Q. So that you are not in a position to say whether there is anything there that would be helpful to us?—A. I am absolutely in a position to state that there is nothing that would help the inquiry in connection with this transaction. There has not been one single solitary penny paid out or agreed to be paid out to any one in connection with this business that we are discussing.

Q. And nobody's name, such as for example Colonel Allison, has ever been mentioned in that connection?—A. No. Colonel Allison's name, in connection with this business we are speaking of, is not in the accounts at all.

Q. And his name has never been mentioned in the correspondence at all?—A. Not that I know of.

Q. Nor has the suggestion been made that he might, perhaps, be paid a commission; that has not been suggested?—A. Colonel Allison would be due commissions on American business.

Q. I am not speaking of that, I refer to this transaction?—A. No.

Sir CHARLES DAVIDSON: What do you mean by "due commissions on American business?"

The WITNESS: I do not care to mention what the American business was.

Sir CHARLES DAVIDSON: You might mention it, if it were American business connected with this transaction.

The WITNESS: No, sir, it had nothing whatever to do with this business or with Canada.

Mr. DEWART: I take it that you make the unqualified statement that there is no letter, under your signature, in existence, suggesting that Colonel Allison was entitled to any commission in connection with this transaction?—A. No, sir, there is no such letter.

Q. Or, as to any other transaction that was connected with in Canada?—A. Or as to any other transaction that was connected with it. There is no other transaction in connection with Canada that I know of that has been had with Colonel Allison.

Mr. DEWART: Subject to the question as to whether Mr. Lewis' accounts may be subject to investigation, I have nothing further to ask Mr. Lewis at present.

Sir CHARLES DAVIDSON: How long are you to remain in Canada, Mr. Lewis?

Mr. LEWIS: I have lost this whole week in connection with this matter. I wanted to leave for New York to-morrow night, as I expect to sail for England on Monday.

Mr. F. O. LEWIS.

In fact, I notified them on the first or second of the month, or around then, I would sail on the 27th, but the sailing date of the ship has been changed to the 29th.

Sir CHARLES DAVIDSON: You have heard the statement of Mr. Lewis, Mr. Dewart, that he contemplates sailing for England on Monday.

Mr. LEWIS: I would have to be in New York on Sunday morning.

Mr. DEWART: Mr. Lewis' evidence has shed a good deal of light on the matter and I would not feel justified in asking that he should be delayed in going to England.

Mr. HENDERSON: Carry your mind back, Mr. Lewis, for a moment to the last question my learned friend, Mr. Dewart, asked you—I have been told that there are one or two letters in existence in which you make reference to some commissions payable to Colonel Allison. Now, please try and think of it—might there be such a letter?

Mr. LEWIS: Yes, but Mr. Dewart asked me was there such a letter with reference to commissions on this transaction and I said no.

Q. And you make it clear that if there are any such letters they refer to other transactions?—A. Precisely so.

Q. And there were other transactions going through this account you have spoken of?—A. Correct.

Q. And in connection with which Colonel Allison was entitled to a commission?—A. Quite right.

Q. And it had nothing to do with Canada?—A. Nothing whatever.

Q. It had nothing to do with Canada in any way, shape, or form?—A. Not in any way, shape, or form.

Mr. HENDERSON: I thought that perhaps these letters might be forthcoming after you left for England, and if they do you have given us now the explanation of them.

Mr. DEWART: Yes.

Sir CHARLES DAVIDSON: If these letters are available now, it would be much more equitable to Mr. Lewis that he should be confronted with them.

Mr. HENDERSON: I would think so.

Mr. HUTCHESON: I would think so; my learned friend, Mr. Henderson, has evidently learned of some letters, and there have been rumours about it.

Mr. DEWART: I have no copies of any letters but I am endeavouring to get to the basis of the rumours that exist.

Sir CHARLES DAVIDSON: Has Mr. Henderson possession of these letters?

Mr. HENDERSON: No, I have heard of them only last night. Rumours do fly around, and I happened to hear there was danger of these letters being produced after Mr. Lewis had left. Mr. Lewis wrote more than one letter on the subject, I am informed.

Sir CHARLES DAVIDSON: If they are available they ought to be disclosed to-day.

Mr. HENDERSON: If any such are in existence the reference would necessarily be to commission on other matters apart altogether from this transaction.

Mr. LEWIS: I do not know when such letters would be written, but if there are letters of that kind they would be written from England before I sailed for this country, and if they refer to commissions in any way, and I am quite sure there must be letters that do refer to commissions, they would not refer to commissions in connection with this ammunition or this inquiry that is now going on.

Sir CHARLES DAVIDSON: Or Canada?

Mr. LEWIS: Or Canada.

Mr. HENDERSON: And it is a fact that there were transactions, other than Canadian transactions, going through this same account, in connection with which Colonel Allison was entitled to a commission?

Mr. LEWIS: Right, yes.

Sir CHARLES DAVIDSON: You speak of "other transactions"; were there many of them?

Mr. LEWIS: I do not know to what extent from memory. Colonel Allison has sold goods, but he has handled a large quantity of munitions for these people. They have been paid for through this account, but they have nothing whatever to do with Canada at all. I can tell privately where the material came from in some instances, if it is considered of importance.

By Mr. Dewart:

Q. Is the witness still, by trust account, referring to the account the money of which came from the Admiralty for the British Government?—A. Oh, yes. There are no other accounts to refer to, as I told you before.

Q. I did not quite get your meaning before. The trust account only contains such moneys as did come from the British Government or the Admiralty?—A. Yes.

Q. What you mean to indicate is this: out of that trust fund Colonel Allison did get commissions, but they were with reference to transactions other than Canadian?—A. That is quite right.

Sir CHARLES DAVIDSON: Could you check on that account? I understood you to say there were no cheques drawn?

The WITNESS: Oh, yes, I can authorize payments from that account, or I can check on it if necessary. There have been, I think, two cheques, maybe three cheques, but it is all in connection with other business.

Mr. DEWART: I take it that I have no power to go beyond the question with reference to this one matter, and I have kept within what I understood to be the scope of this inquiry, and therefore I have not gone outside of it for other purposes.

Sir CHARLES DAVIDSON: So long as they do not refer to Canada we are not concerned with them. Have you any other questions, Mr. Hutcheson?

Mr. HUTCHESON: No.

Mr. DEWART: The Auditor General makes a suggestion to me, and in view of the fact that Mr. Lewis is here, perhaps the Auditor General could be recalled now. He tells me he may be able to disclose some of the sources of information he was not at liberty to disclose the other day.

Sir CHARLES DAVIDSON: I do not recollect at the moment whether you stated for whom you were trustee.

Mr. LEWIS: No sir, I have not yet.

Sir CHARLES DAVIDSON: The Admiralty or the War Office.

Mr. LEWIS: The business is not all from one department.

Sir CHARLES DAVIDSON: The War Office or the Admiralty.

Mr. LEWIS: Yes, I think that fairly covers it.

Mr. HUTCHESON: There is a Munitions Board also.

Mr. LEWIS: The direct representative of the Admiralty which caused this account, and this condition, was Sir Trevor Dawson.

Sir CHARLES DAVIDSON: Was Colonel Allison in any way an employee of the Company, or was he simply a vendor or intervener as regards munitions?

Mr. LEWIS: A vendor or an intervener I think would cover the situation.

Sir CHARLES DAVIDSON: Are you aware of what charges festened upon this ammunition in relation to its conveyance from the arsenal at Quebec or elsewhere to England?

Mr. LEWIS: No sir.

Mr. F. O. LEWIS.

Sir CHARLES DAVIDSON: Who paid those.

Mr. LEWIS: I could not say.

Sir CHARLES DAVIDSON: Where could that be found?

Mr. LEWIS: I mentioned earlier, when the transaction is complete—

Sir CHARLES DAVIDSON: Have you noticed that these debit slips include the price of the packages and anything beyond that?

Mr. LEWIS: Yes, boxes, \$1.44.

Sir CHARLES DAVIDSON: Here is a box account, \$1.44.

Mr. LEWIS: That is 30th September.

Sir CHARLES DAVIDSON: I see that these are not in order.

Mr. LEWIS: No. Here is November.

Sir CHARLES DAVIDSON: You know nothing about it?

Mr. LEWIS: No. As I mentioned earlier in my evidence, I understood the freight in one case, or some charges in one case had been paid by the Department over there and Sir Trevor Dawson.

By Mr. Hutcheson:

Q. Will you repeat that statement?—A. I understand that in one case either the freight, or some charges in connection with the shipment, had been collected by the steamship company or the railway company from both parties.

Q. At both ends?—A. Yes, that would be from Searles and from the Department over there—the English Department—and that was rectified afterwards.

Mr. DEWART: Will the witness put in the documents to show that.

Sir CHARLES DAVIDSON: He says he has nothing to show that.

Mr. DEWART: Will he implement his evidence by sending the documents?

Mr. LEWIS: I only heard it verbally in the office over there.

Sir CHARLES DAVIDSON: Was your position as regards this business in the office simply fiduciary or did you make the contract?

Mr. LEWIS: No, I had nothing to do with it. Things were bought and paid for without my ever knowing anything about it.

Sir CHARLES DAVIDSON: Do you know anything about the Mark VI ammunition?

Mr. LEWIS: No.

Sir CHARLES DAVIDSON: Are you an expert?

Mr. LEWIS: I do not know anything about it at all. They would not allow me to shoot this year at all.

Sir CHARLES DAVIDSON: Did you give Allison any instructions whatsoever in connection with this ammunition?

Mr. LEWIS: On account of the shipment?

Sir CHARLES DAVIDSON: As regards this ammunition.

Mr. LEWIS: Yes, I would think he would receive instructions that my name would be attached to, for the shipment of it.

Sir CHARLES DAVIDSON: In what respect?

Mr. LEWIS: He would be told to forward the 750,000 rounds, or whatever it was.

Sir CHARLES DAVIDSON: By you?

Mr. LEWIS: My name would be signed to it probably—most likely.

Sir CHARLES DAVIDSON: And anything you have of that kind in the way of copies would be available in England.

Mr. LEWIS: Yes.

Sir CHARLES DAVIDSON: Among the records of Vickers, Limited.

Mr. F. O. LEWIS.

Mr. LEWIS: No. Vickers, Limited, are not interested in this.

Sir CHARLES DAVIDSON: Where would any records be.

Mr. LEWIS: Searles would have them.

Sir CHARLES DAVIDSON: As a matter apart from Vickers.

Mr. LEWIS: Yes from Vickers?

Sir CHARLES DAVIDSON: Did you leave them in the custody of Searles?

Mr. LEWIS: No. All these shipments of these purchases made on this side went to him.

By Mr. Dewart:

Q. Would you say who would be authorized to sign your name to any such instructions as might be given to Colonel Allison?—A. I dare say Searles would sign it.

Q. You dare say.—A. I authorized them to use my name. It is war, and they wanted the things, and that is the means they employed to do it, so that my reply, I dare say, is explained.

Sir CHARLES DAVIDSON: Mr. Hutcheson have you any further questions to put to Mr. Lewis?

Mr. HUTCHESON: Nothing further.

Sir CHARLES DAVIDSON: Are you, Mr. Dewart, exhausted as well?

Mr. DEWART: Not exhausted, but I do not want to exhaust the witness. I thought you would perhaps hear the Auditor General while Mr. Lewis was here.

Sir CHARLES DAVIDSON: You had better be here when Mr. Allison is being examined this evening.

Mr. LEWIS: Yes, I can do that.

The witness retired.

JOHN FRASER, I.S.O., Auditor General, recalled.

Mr. DEWART: I understand that there were some sources of information that the Auditor General would be able to give us to-day which he was not in a position to give us the other day.

By Mr. Hutcheson:

Q. You recall, Mr. Fraser, the other day that you thought it not desirable to give us certain sources of information, which you thought might later on be at your disposal. Could you serve us further in that matter this morning?—A. I think the question was whether I could suggest anybody that might be subpoenaed that would throw any further light upon the matter.

Q. That was one of the questions.

Sir CHARLES DAVIDSON: Either information or the names of witnesses.

The WITNESS: I would suggest the Bank of Montreal.

By Mr. Hutcheson:

Q. Which officer of the Bank of Montreal?—A. The information would be with the Bank of Montreal, New York. I do not know what is customary, whether a subpoena would be sent to the head office or direct to New York.

Q. You mean to produce?—A. The production would have to be from New York.

Mr. JOHN FRASER.

Q. Are you referring to the trustee account?—A. Any documents they might have in their possession with reference to the ammunition.

Q. The impression we got from Mr. Lewis' evidence was that this account dealt with a number of other matters and was not confined to the matter within the scope of this inquiry?

Sir CHARLES DAVIDSON: That point, as it appears to me, does not arise at the moment.

By Mr. Hutcheson:

Q. And then we have that suggestion that the manager of the Bank of Montreal in New York be called upon to produce any records he may have in his possession relating to this matter?—A. Yes.

Q. Can you suggest to us any other sources of information?—A. No.

Q. None?—A. No.

Q. Is there anything further that you can disclose, any information you yourself can disclose regarding the matter?—A. Yes, I have received certain information in connection with this. Of course, it would only be hearsay evidence, but it can be confirmed.

Q. Is that in reference to what may be available at the Bank of Montreal, or is it in some other direction?—A. That would be available at the Bank of Montreal.

Sir CHARLES DAVIDSON: By whom confirmed?

The WITNESS: By the Bank of Montreal.

By Mr. Dewart:

Q. The manager?—A. Yes.

Sir CHARLES DAVIDSON: You have no other name in your mind as a possible witness?

The WITNESS: No.

By Mr. Hutcheson:

Q. Does the letter refer to Mr. Orr Lewis?—A. It does refer to Mr. Orr Lewis.

Q. We have no objection to your giving us the hearsay, so that we may see ourselves how far it will carry us, or what it may lead to. Could you let us have it? Is it by letter?—A. Letters written by Mr. Lewis.

Q. Letters written by Mr. Lewis?—A. Yes, I can give you the contents of them.

Q. Have you copies of them?—A. There is other material in them that does not relate to this transaction.

Q. Could you read the portions in the letters which refer to this?—A. Yes.

By Mr. Dewart:

Q. Do those letters purport to be signed by Mr. Lewis?—A. Yes.

Q. Is it from your own knowledge of the signature you say that, or because they appear to be signed by him?—A. Because they appear to be signed by him.

By Mr. Hutcheson:

Q. Do they come from the Bank of Montreal?—A. Yes.

Q. And to whom were the letters written?—A. The letters were written to the Bank of Montreal.

Q. They naturally would come from them.

Mr. HUTCHESON: I would be very glad to have read into the notes the portions of the letters that refer to this inquiry.

The WITNESS: I think it would be useful to this inquiry.

Mr. HENDERSON: I am authorized by Mr. Lewis to say that he has no objection.

Mr. JOHN FRASER.

By Mr. Dewart:

Q. Are these copies you took yourself?—A. Yes.

Q. Have you the originals?—A. No.

Q. You have not the originals?—A. No.

Q. Did you see the originals?—A. Yes.

By Mr. Hutcheson:

Q. You saw the originals?—A. Yes.

Q. We will leave it to your own judgment to select the portions of the letters that refer to the small arms ammunition matter, and I would ask you to read to us what the letters contain, giving the dates of the letters.—A. The first letter is No. 717.

By Mr. Dewart:

Q. Is that the bank file number?—A. I presume that is Mr. Lewis' number: dated 1st December, 1915, from Mr. F. Orr Lewis to the Manager of the Bank of Montreal, 64 Wall street, New York. I leave out the first portion of the letter, because it refers to some other matter, and I read the following:—

“Also the Admiralty have ordered one million .303 ammunition manufactured in Canada. Our price for this is \$20 per thousand rounds; the price of the boxes required for shipment is \$1.47 each, additional to the above \$20 per thousand, the amount covering this ammunition and boxes is to be paid into the Bank of Montreal to the credit of the Receiver General for Canada and to be credited to the Militia Department Account. Colonel Allison will fully instruct you in this connection. The total amount which the Admiralty is transferring to my credit for account No. 2 and from which you will pay items mentioned above, is \$29,448, and included in this is \$22——.”

That refers to another transaction. That is all in this letter.

MR. HENDERSON: May I say that Mr. Lewis prefers the whole letter to be read. He asks me to say so.

SIR CHARLES DAVIDSON: Let the whole letter be read, in view of that assent.

THE WITNESS: Would there be a possibility of the Bank of Montreal objecting to it?

SIR CHARLES DAVIDSON: They cannot. The Bank of Montreal have no privilege now, seeing that the letters have been communicated to others.

THE WITNESS: Well, I will begin at the beginning. The letter reads as follows:—

“DEAR SIR,—I beg to inform you that the Admiralty have ordered 500 bayonets and scabbards for the Ross rifles. Our purchase price in this connection is \$6 each, which kindly pay against inspection certificate and Bill of Lading duly initialled by Colonel Allison.

Also the Admiralty have ordered one million .303 Ammunition manufactured in Canada. Our price for this is \$20 (Twenty dollars) per thousand rounds. The price of the boxes required for shipment is \$1.47 each additional to the above \$20 per thousand.

The amount covering this ammunition and boxes is to be paid into the Bank of Montreal to the credit of the Receiver General for Canada and to be credited to the Militia Department account. Colonel Allison will fully instruct you in this connection.

The total amount which the Admiralty is transferring to my credit, for account No. 2, and from which you will pay items mentioned above, is \$29,448 and included in this is \$22 being the deficiency in connection with the amount

MR. JOHN FRASER.

previously remitted for the 500 Ross Rifles, which amount should have been \$16,250, whereas only \$16,228 was transferred. I will much appreciate your kind attention.

I remain,

Faithfully yours,

(Signed) F. ORR-LEWIS.

Sir CHARLES DAVIDSON: To whom is that letter addressed.

The WITNESS: To the Manager, Agency, Bank of Montreal, 64 Wall Street, New York city.

By Mr. Hutcheson:

Q. Then you have a further letter?—A. 792, copy, 23rd December, 1915:

Manager, Agency,
Bank of Montreal,
64 Wall Street,
New York.

Q. Is that from Mr. Lewis?—A. Yes, from Mr. Lewis to the Manager, Agency, Bank of Montreal, 64 Wall Street, New York.

Dear Sir,—I am in receipt of your favour of the 16th instant advising the credit to my Trustee account No. 2 of \$29,457.75. I also have your other letter of the 8th respecting the shipment of 100 cases of Winchester ammunition. I understand this still leaves another 200,000 rounds to come forward to complete this contract.

With respect to the .303 ammunition manufactured in Canada, the Admiralty have now transferred a further sum of \$26,176 covering one million rounds of ammunition and 800 boxes. This million is in addition to that mentioned in the second clause of my letter No. 717 of the 1st December, but the prices are the same as mentioned therein; also the amount is to be paid into the Bank of Montreal to the credit of the Receiver General for Canada, Militia Department, wherever their account is kept, and Colonel Allison will give you full particulars about this.

As soon as the payments to cover all the transactions now in hand are completed, I will be glad to have a statement of the No. 2 account, to enable me to send Colonel Allison a cheque to cover his commission.

I remain,

Faithfully yours,

(Signed) F. ORR-LEWIS.

Trustee.

Then a letter from the Manager, Bank of Montreal, New York, to F. Orr Lewis, Esquire, Whitewebbs Park, near Enfield, England, per SS. "Finland," dated January 18, 1916:

DEAR SIR,—With reference to your letter No. 792 as requested jointly therein and by your letter No. 717 of the first ultimo, we are to-day debiting your Trustee account No. 2 with \$42,867.82 and transferring this amount to our Ottawa branch for credit of the Receiver General for Canada, Militia Department, in settlement of their voucher No. D. 132, handed us by Colonel Allison, a copy of which is enclosed herewith and covers the cost of 1,999,800 cartridges plus boxing charges.

We also enclose a statement of your Trustee Account No. 2 to date, and which with the statements previously furnished you give in detail all transactions to date.

Mr. JOHN FRASER.

We understand that all payments requested by you to date have been made and all contracts of which we know completed. We will, therefore, be pleased to give effect to your instructions for us to pay a specific amount out of funds at your credit to Colonel Allison in settlement of commissions as mentioned by you.

Yours faithfully,

(Signed) R. Y. HEBDEN,

Agent.

Q. Does that complete the record of the copies of letters which you have this morning?—A. Yes, I have our official records of the deposit of the money in the Bank of Montreal.

Mr. DEWART: I would like to see those. Read them.

The WITNESS: The first is a receipt from the Bank of Montreal, Ottawa, dated December 31st, 1915, No. 2183, "received from F. Orr Lewis, on account purchase, through Colonel J. W. Allison, \$20,927.44, which will appear at the Receiver General's credit in this Bank. Signed in triplicate."

I cannot give you the name. It is pro Manager. In connection with this receipt, I asked the Bank of Montreal for their authority for saying it was deposited by F. Orr Lewis. They gave me an extract from letter, Agency, Bank of Montreal, New York, dated 29th December, 1915:

Under instructions from F. Orr Lewis, of London, England, we confirm credit on our "at credit" advice of to-day, of \$20,927.44, for account of the Receiver General, Militia Department, in settlement of purchase through Colonel J. W. Allison, account C. A. Searles, Vickers, Limited, London, of 986,300 rounds of ammunition and 813 boxes to cover same.

The next is to the Agency of the Bank of Montreal, 64 Wall Street, New York, January 20th, 1916. This is a copy of the original which is deposited in the Finance Department. It is addressed to the Minister of Finance and Receiver General, Ottawa, Ontario, Canada, and reads as follows:

DEAR SIR,—Under instructions received from Mr. F. Orr Lewis, of Whitewebbs Park, near Enfield, England, we transferred to our Ottawa Branch on the 18th ultimo (forty-two thousand eight hundred and sixty-seven and 82/100 dollars) \$42,867.82 for credit of the Receiver General for Canada, Militia Department, in settlement of their Issue Voucher No. D-132.

In accordance with telegraphic instructions received to-day from our Ottawa Branch, we are reversing this entry and credit your account with us with the above-mentioned sum.

Yours faithfully,

(?) FISHER,

Agent.

I have not the initials of Mr. Fisher.

By Mr. Dewart:

Q. Those two vouchers, I take it, cover all of this ammunition that was sold?—

A. They cover all that was shipped at \$20 a thousand and the boxes.

Q. Cover practically three million rounds?—A. Yes.

Q. I see the amount here \$63,795.26?—A. Yes.

Q. Did you make any further investigation of the account spoken of by Mr. Lewis when you were, as Auditor General, exercising your functions in New York?—

A. Yes. I might say that Mr. Lewis mentioned \$75,000 approximately as the amount

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paid by the Admiralty. The amount is \$79,408.75, made up of two payments, one of \$29,457.75, out of which \$20,927.44 was transferred to the credit of the Receiver General. The second payment by the Admiralty was \$49,951, out of which there was transferred to the Receiver General for Canada \$42,867.82, the difference between the amounts paid by the Admiralty and the amounts transferred to the Receiver General for Canada, was \$15,613.49.

Sir CHARLES DAVIDSON: That is still to the credit of that fund.

The WITNESS: I do not know.

Sir CHARLES DAVIDSON: Is that what the letter which you are reading from says?

The WITNESS: This is not a letter. It is a memorandum of my own.

Sir CHARLES DAVIDSON: Does this sum represent the difference between the credits up to this purchase and the debits? In other words, does it mean \$60,000 was paid out of the original deposit of about \$75,000?

The WITNESS: Yes, \$79,000, practically representing what I have stated in my letter there that the increased cost to the Admiralty was about twenty-five per cent.

Sir CHARLES DAVIDSON: That assumes that this account is closed?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: So that in that respect you contradict Mr. Lewis.

The WITNESS: Not if that money was returned to the Admiralty.

Sir CHARLES DAVIDSON: I do not wish that Mr. Lewis should leave the country leaving us confused with any doubt as to that issue or position. He states that the account is not closed, and it is to be settled on his arrival in England.

The WITNESS: Yes.

Sir CHARLES DAVIDSON: And you state, as I understand it, that it is closed.

The WITNESS: No, I do not say that it was closed. (Reporter's notes referred to and read.)

Sir CHARLES DAVIDSON: You say that the increased cost to the Admiralty was twenty-five per cent?

The WITNESS: Yes.

Sir CHARLES DAVIDSON: In respect to that statement, there is a direct issue between you and Mr. Lewis.

The WITNESS: Mr. Lewis says the account is not closed.

Sir CHARLES DAVIDSON: That is not an answer to my question. You state that the cost has been increased to the Admiralty. If you have any information on that point, in contradiction of Mr. Lewis, I should like to have it.

The WITNESS: I had information on that point which I could not give. It is confidential. My information was that the cost to the Admiralty was \$25 a thousand, and those figures bear it out.

Sir CHARLES DAVIDSON: Can you not assist us in any way to have that assertion made a matter of record in this matter. It is quite important.

The WITNESS: I do not see any way to have that point settled except a communication from the Admiralty, otherwise it would only be hearsay again.

Sir CHARLES DAVIDSON: Don't you see that, coupled with assertions of this kind, there ought to be some information placed in the hands of Counsel and the Commission which would lead up to the production of evidence.

The WITNESS: I could not give my informant in this case.

Sir CHARLES DAVIDSON: I must say there ought to be a good deal of hesitation in making the assertion if the evidence is not available to pass upon it.

The WITNESS: I suppose it can be made available by communicating with the Admiralty.

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Sir CHARLES DAVIDSON: If you will only state the means that can be used in order to secure proof of this assertion, I am sure Counsel will leave no step untaken to follow it up.

The WITNESS: That is my suggestion—communication with the Admiralty. So far as I can say now that would be the only positive proof.

Sir CHARLES DAVIDSON: I think you can make it more definite than that, because the Admiralty is a very wide person.

The WITNESS: Well, I mean by that the officials in the Admiralty who dealt with the transaction. I am not familiar with the internal working of it, but there must be somebody there from whom they could ascertain who would be the proper person to communicate with.

The Commission adjourned until two o'clock.

After the luncheon recess, the Examination of Mr. FRASER was continued:—

By Mr. Hutcheson:

Q. Then, Mr. Fraser, as I understood you to say this morning, you were assuming that the amount of \$79,000 approximately, paid by the Admiralty, to the credit of this account, was in the nature of a final adjustment?—A. Yes.

Q. And having heard the evidence given by Mr. Lewis this morning, showing clearly that it was not a final adjustment,—

Mr. DEWART: Clearly?

Mr. HUTCHESON: Just let me get along now, Mr. Dewart—and that a final adjustment is to be made after his return to England, does that modify the inference you draw about the twenty-five per cent profit having been charged on the resale of the ammunition?—A. No.

Q. It does not?—A. Not until I see the final adjustment.

Q. After having heard it stated that there must be a final adjustment—

Mr. DEWART: That there “will be” not that there “must be.”

Mr. HUTCHESON: Please do not interrupt me. You will have an opportunity to re-examine the witness if you wish to.

Mr. DEWART: What I object to is the suggestion that there must be a final adjustment. What the witness said was that there would be a final adjustment. I am trying to get the evidence accurately.

Mr. HUTCHESON: After having heard the evidence of Mr. Lewis this morning there must be a final adjustment—I use the word “must” advisedly—

Mr. DEWART: And I object to the word “must.”

Mr. HUTCHESON: That there must be a final adjustment after the return of Mr. Lewis to England, do you still stick to the statement you made in your letter of April 3, in which you say: “I have reason to believe that the ammunition was resold at an advance of about twenty-five per cent, and that its destination was not Vickers, Limited.” I refer to that part of the letter which deals with the resale at an advance of twenty-five per cent, do you stick to that?—A. Until I get proof to the contrary.

Q. Do you not accept Mr. Lewis’ statement on oath that the account has not been finally adjusted, and that the final adjustment has yet to be made?—A. I will suspend judgment on that until I see the final adjustment.

Q. In other words, Mr. Lewis having sworn that there is still to be a final adjustment, and no evidence whatever to the contrary, you are going to stick to your assertion, or your inference, based upon the assumption that the money paid over by the Admiralty represented the final adjustment of the matter; is that your position?—

Mr. JOHN FRASER.

A. I will simply suspend judgment until I get evidence that there has been a final adjustment.

Q. In spite of the so far uncontradicted evidence given by Mr. Lewis?—A. Mr. Lewis can give any evidence he has a mind to; I can hold my own opinion.

Q. Would it surprise you to hear that when the final adjustment comes there will have to come from the Admiralty or some source thousands of dollars to balance up the account instead of there being any return of any money to make?—A. Yes, I would be surprised unless I knew what the money was to come for.

Q. And would you not be prepared to accept the general statement made by Mr. Lewis?—A. It is immaterial whether I accept it or not.

Mr. DEWART: I think it would be much more satisfactory if we had Mr. Lewis' bank accounts here, and the way in which my learned friend is treating this witness I think is not quite fair because Mr. Lewis has been asked to produce all his papers and documents which it has developed exist, and they have not been produced. I do not think that my learned friend is treating this witness with the fairness he should be treated with, when we have not these documents before us. If my learned friend has something to back up the suggestion he is now making, he had better unfold it to the witness.

Mr. FRASER: There is another feature about it; might I explain.

Sir CHARLES DAVIDSON: Certainly.

Mr. FRASER: I wish to explain my reason for keeping an open mind upon the question. It is well known that there have been various statement made in connection with this, which show that the information given about it has been of different kinds. For instance, the Minister of Militia, who certainly should be cognizant of a certain amount of the details of the transaction, has stated that this ammunition was sold to Vickers.

Mr. HUTCHESON: That has no bearing on the matter as to which I question you now.

Mr. FRASER: Except in this way, that I have had so many contradictory statements in connection with it that I am keeping an open mind to see who I am to believe. I think that is a fair attitude to take.

By Mr. Hutcheson:

Q. Then I desire to ask you further whether, in sticking to the position which you take in your letter of the 3rd of April to which I have referred, you have any information which you have not disclosed to us, pointing to the fact that Mr. Lewis has not said what was correct in giving his evidence here this morning when he said that the payment of that sum by the Admiralty was not in final adjustment, but a payment, subject to a future settlement. Have you any information pointing to the fact that that statement made by Mr. Lewis was not correct?—A. I have no information that that was either a final settlement or that it was not.

Q. In giving your evidence this morning, Mr. Fraser, you said: "The difference between the amount paid by the Admiralty and the amount transferred to the Receiver General for Canada was \$15,613.49." You gave that evidence after having heard Mr. Lewis explain, and you still convey the impression that that sum was paid by the Admiralty as being its debt, the exact amount of its debt, no more and no less and not subject to any adjustment.

Mr. DEWART: I did not take it that way. I take it that the witness said that according to his examination of the books that that sum paid by the British Admiralty was designated for this purpose. I think that is what we had before us this morning.

Mr. HUTCHESON: I submit, sir, that counsel should not break in on the examination and suggest to the witness an explanation. My learned friend is interpolating in

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a way which is calculated to assist the witness out of a possible dilemma. You appreciate my point, Mr. Fraser, I trust. You made that statement as if that had been a final payment of a fixed ascertained amount and you adhere to it after having heard the explanation which Mr. Lewis frankly gave us this morning.

Mr. DEWART: There is no suggestion in Mr. Fraser's statement that this is a finality.

Mr. HUTCHESON: When you gave your evidence this morning, Mr. Fraser, you were disposed to believe that that amount was paid by the Admiralty as a final settlement.—A. That is my impression.

Mr. HUTCHESON: Even, after hearing Mr. Lewis' evidence. If that is your statement, then I need not make any further comment on your attitude, Mr. Fraser, I think.

By Mr. Henderson:

Q. Mr. Fraser, you recollect the letter of the 1st of December which you read this morning, the letter from Mr. Lewis to the manager of the Bank of Montreal, and you remember that you omitted reading the first paragraph?—A. At first I did.

Q. And you omitted reading the last paragraph?—A. At first I did.

Q. I do not think it was intentional on your part, but do you notice that on an ordinary reading of that letter that the sum stated of \$29,000 odd in that letter, taken in connection with the other letter, compares exactly with the sum placed to credit, and which you have referred to, \$29,457.75?—A. I do not quite catch what you mean.

Q. You have had these letters in your possession for some time?—A. No.

Q. And I suppose you have given some thought to them?—A. I have had them but for a very short time.

Q. You had them some hours, at least, or maybe days or weeks?—A. I have not had them for days or weeks.

Q. You have had them for how long?—A. A portion of yesterday.

Q. You read them with some care, I trust?—A. Well, yes.

Q. From the reading which I heard from those letters this morning, am I not right in understanding that that covers bayonets and something else, as well as this ammunition? Something that was bought at \$6 apiece?—A. You can see the letters, they have been produced.

Q. I understand that you saw the account in the books of the Bank of Montreal in New York—A. Do you mean that I saw all the items of the accounts?

Q. I do not know, I said "the accounts." I presume that includes the items?—A. I saw the accounts where the two items that were transferred to us were concerned.

Q. You told us that you saw the account in which there were two items totalling \$79,408.75?—A. No, sir.

Q. Two items of credits?—A. I did not.

Q. How many items of credits?—A. I did not say that I saw that in the account at all.

Q. Where did you get that?—A. It is pretty hard to recollect now. Some of the documents in connection with the transaction show that.

Q. Are you not wrong, think a moment, we have to do with one bulk sum of \$79,408.75, and another bulk amount of \$63,795, making a difference of \$15,613—am I not right in understanding that you got the amounts which these bulked to from the books of the Bank of Montreal—where else could you get them?—A. These amounts are in existence in two or three other places.

Q. Is that fair, now, Mr. Auditor General?

Mr. DEWART: You asked him if he got them there and he tells you.

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By Mr. Henderson:

Q. I suppose if I ask you where these two or three other places are you will say that they are confidential; tell me where they are?—A. They can be found in the Bank of Montreal.

Q. Were these the two or three other places where you got them?—A. I did not get them in two or three other places.

Q. What do you know about two or three other places, you mentioned that?—A. The banks that the amounts passed through.

Q. Is that where you got them?—A. No.

Q. Where did you get them?—A. I saw them on documents in one of these banks.

Q. Will you pledge your oath, sir, that you got these figures from anybody other than the bank or some politician who had them through hearsay only?

Mr. DEWART: I object to the use of the word "politician" here.

Mr. HENDERSON: I want to know, and I think I am entitled to know, when a slander is being spread abroad.

Mr. DEWART: My learned friend is trying to get politicians and slanders mixed up together. The question as it is put is one that no witness can answer.

Mr. FRASER: I certainly did not get it from a politician.

Mr. HENDERSON: Will you tell me from whom you did get it?

Mr. FRASER: I remember seeing them—I am at a loss for the name of the documents—and that is what I am trying to think of.

Mr. HENDERSON: What kind of a document was it?

Mr. FRASER: It was a document on which the amount was placed in the Bank of Montreal.

Mr. HENDERSON: That is a credit slip.

Mr. FRASER: A credit slip, I suppose it might be called that.

Mr. HENDERSON: I certainly understood that you got this from the bank; where did you get the \$79,408.75 or the amounts that totalled that?

Mr. FRASER: That is what I referred to. That is a deposit in the Bank of Montreal. I think they would be called credit slips, but I do not know what the bank term is.

Mr. HENDERSON: Credit slips, I suppose, would be the proper expression.

Mr. FRASER: They were not cheques.

By Mr. Henderson:

Q. You must have seen these in the bank?—A. I did.

Q. Very well, then, you got that information from the bank. Now, did you get from the bank information as to what was covered by that amount?—A. Excuse me, Mr. Henderson, I can hardly say I got that from the bank. May I give an explanation of that?

Sir CHARLES DAVIDSON: Please do.

Mr. FRASER: I wish to make this distinction. What I call what I got from the bank was what was given to me in answer to a question. There was on the file these two slips that I speak of. They were before me on the file and I copied these amounts off that.

By Mr. Henderson:

Q. Do you mean to say the bank gave you access to the file; don't you think that any information you got from that file would be obtained from the bank?—A. In that sense it would.

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Q. Of course, we understand that the Auditor General is a past master in fine distinctions, any Auditor General must be?—A. I want to be fair to the bank.

Q. Do I understand that you got this amount, or rather the two amounts going up to make the \$79,408.75, from bank slips?—A. Yes.

Q. Then, one of these you knew to be \$29,457.75, didn't you?—A. Yes.

Q. And was it on the same occasion that you had access to these letters?—A. To the originals of these letters.

Q. To the originals of the letters, yes?—A. Yes.

Q. It was on the same occasion that you saw that this letter of the 1st December, 1915, informed the bank that an order for 500 bayonets and scabbards at \$6 apiece, as well as an order for .303 ammunition at \$20 a thousand, plus cost of boxes, was given—you saw that, did not you?—A. I suppose I did.

Q. Then you also saw this in the letter:

The total amount which the Admiralty is transferring to my credit for account No. 2 and from which you will pay items mentioned above is \$29,448, and included in this is \$22 being the deficiency in connection with the amount previously remitted for the 500 Ross rifles, which amount should have been \$16,250, whereas only \$16,228 was transferred.

You saw that?—A. I saw what was in the letter.

Q. He says in that letter that the \$29,448 was not only to pay for this ammunition but for a previous shortage and for some other matters?—A. Yes.

Q. And then when you come to the letter in reply you find that the aggregate amount deposited is \$29,457.75?—A. That is the amount.

Q. Can you tell me how in the name of common sense any actuary, from these figures, could figure out that there was a profit of five dollars per thousand. Is it not quite obvious on the face of it that that amount covers several thousand dollars worth of bayonets and rifles and also a shortage on a previous account?—A. I did not at that time figure out anything from it.

Q. Don't you think you should before making a charge against anybody?—A. I am not making a charge.

Q. I do not know that you are not. I am speaking from a vague recollection of what you said. I recollect your saying that the connection of Colonel Allison with this transaction was—well I will read what you said:

Colonel Allison's connection with the transaction does not tend to allay suspicion.

A. Certainly I made that statement.

Q. Will you tell me what you meant by that?—A. Just what it says there.

Q. Is that all?—A. How much do you want it elaborated.

Q. I would like to know what you meant by that. Why should Colonel Allison's connection with the transaction cause suspicion?—A. I had a number of other transactions that Colonel Allison was connected with in connection with the Dominion Government and—

Q. Are there any more transactions yet to be explained to your satisfaction, Mr. Fraser?—A. There may be.

Q. But did it occur to you, for example, to ask the Minister of Militia and Defence for an explanation?—A. In connection with what?

Q. In connection with this transaction?—A. I asked the Department of Militia and Defence?

Q. Did you?—A. I did.

Q. The Department of Militia and Defence?—A. Yes.

Q. And was not that furnished to you?—A. No sir, I never got any reply from them.

Q. There is no date on your letter to them?—A. It is there.

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Q. I was under the impression you did not ask them for any information?—A. I wrote on the 7th of March.

Q. Did you not get a reply?—A. None whatever.

Q. That is news to me?—A. I wrote to the Department.

Sir CHARLES DAVIDSON: The limited terms in that letter have already excited my observation.

Mr. HUTCHESON: I questioned Mr. Fraser about that letter when he was last examined.

Sir CHARLES DAVIDSON: Not in connection with the statement as now made.

Mr. HENDERSON: I see in your letter what you say is this:—

“As this is an unusually large transaction I should like to be informed if public competition was obtained or in what way the price was fixed, and also if an Order in Council was obtained authorizing the sale. I am under the impression that this ammunition cost the Government about \$34 or \$35 per thousand, and I should like to know what the reason is for selling it at \$20.”

Q. That is the letter to which you refer and to which you say there was no reply?—A. Yes.

Q. That letter was written, I see, only on the 7th of March last?—A. Yes.

Q. Was there any reason why it should not have been written earlier?

Sir CHARLES DAVIDSON: That letter simply calls attention to the difference between the cost of production and the selling price.

Mr. HENDERSON: And asks if public competition was had.

Sir CHARLES DAVIDSON: Yes.

By Mr. Henderson:

Q. It does not suggest anywhere that there was a profit of five dollars a thousand or thereabouts to anybody in the transaction?—A. Not in that letter, no.

Q. That is the point that we are discussing now, I understood from your answer to my learned friend, Mr. Hutcheson, as well as to Mr. Dewart, that you have it and had had it for some time past clearly in your mind that the Vickers people or somebody was making a profit of \$5 a thousand on this transaction?—A. Yes, I got that in my mind.

Q. I put it to you, Mr. Fraser, as an Auditor, how did you work that out?—A. I was informed that this ammunition was sold to the Admiralty at \$25 per thousand.

Q. Informed by whom?—A. That name I decline to give.

Q. Will you give the name to the Commissioner—who could there be who would be ashamed of having his name mentioned in that connection?—A. I do not know anything about shame in connection with the matter.

Sir CHARLES DAVIDSON: I should imagine at the moment that I do not desire to know the name unless it is one the possessor of which can be called here or can give some information as to a person who might be called here, and in this latter direction the Auditor General could secure the information as well as Counsel can.

By Mr. Henderson:

Q. Is it somebody in Ottawa?—A. I have attempted to get information in reference to this matter in any reasonable way that I could. I have always understood that confidential information that I get in connection with my work is not to be divulged. I have a distinct recollection of the Commissioner on a former occasion refusing to allow confidential information to be divulged. I think I am correct in that statement, Mr. Commissioner.

Sir CHARLES DAVIDSON: I imagine it would be more correct to say the source of the information, but I do not know that I went to the extent of saying that the information itself should not be given.

Mr. FRASER: It is the source of the information that I refer to.

Mr. HENDERSON: I can appreciate that, but I submit, Sir Charles, that the circumstances may dictate the judgment of the Commission in a matter of that kind. There are certain sources of information which, of course, should not be divulged, but I do not think the Auditor General would have any right to simply protect himself individually; he would have a right to protect his office, but I think in this case it is a question of the Auditor General protecting himself individually and not protecting his office.

Mr. FRASER: It is the Auditor General's office that I am protecting.

Mr. HENDERSON: Have you any objection, Mr. Fraser, to tell the Commissioner the source of your information?

Mr. FRASER: No, I think I could give the Commissioner the source of my information.

Sir CHARLES DAVIDSON: What benefit would it be to give the source of the information to me if it is not to result in the production of a witness. Could you not find out, Mr. Auditor General, from the source of the information, if any witnesses can be called in connection with the matter.

Mr. FRASER: I intended to try to get that this afternoon when the Commission adjourned.

Sir CHARLES DAVIDSON: Very well, then.

By Mr. Henderson:

Q. May I take you a little further, Mr. Fraser, if you are going to estimate the profit on any transaction you surely have to start with the cost, don't you?—A. Certainly.

Q. Did you not have available to you the information which is in this return to Parliament as to the cost of this particular material; I have now before me that return at page 22?—A. I had available what they were purchasing Mark VI ammunition for and what it cost us last year to manufacture it.

Q. Yes, but Mr. Fraser you have very extensive powers under the statute, have you not?—A. Yes.

Q. And you certainly would have the right to send somebody to the Militia Department to inspect the records there and see what the charge to the department was; because now, I am taking the cost to the purchaser in the old country; do you follow me?—A. Yes, I could go to the records of the department.

Q. Did it ever occur to you to do that?—A. I wrote the department for an explanation for fixing the cost.

Q. You wrote that letter?—A. Yes.

Q. Don't you think before you make a statement and charges against people, it would have been better for you to have inquired from the department in question, to have gone there in other words and looked at their accounts?—A. They could have given me the information if they wanted to, without my going through their accounts.

Q. But, you would have the right to demand it—did you ever demand from the Department information as to how much they charged some purchaser in the old country, whom you thought to be Vickers, for this ammunition?—A. Do you mean the selling price by the Department?

Q. Yes?—A. I did that.

Q. Did you have the price before you?—A. Yes, \$20.

Q. Did you have the quantity?—A. I had the quantity up to that time that I made the inquiry.

Q. Because, if you had the quantity, it would be a very simple thing to figure out the amount of ammunition that was represented by the \$29,000 odd?—A. On the deposit of \$20,927.44 I had the absolute information that that ammunition was sold at \$20 per thousand, and there was a charge for boxes, I have forgotten the amount.

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Sir CHARLES DAVIDSON: At what point was it deliverable.

Mr. FRASER: There was no mention of that.

Sir CHARLES DAVIDSON: And as to the cost and charges to England, who was to bear that?

Mr. FRASER: There is nothing whatever stated with regard to that. As to going to the departmental records, I can recall it now that I sent one of my men to the Department to see the records in connection with this sale of ammunition, I wanted to get at that exact point, I wanted to see the shipping bills to see what conditions, if any, were on them—

Mr. HENDERSON: Very well then.

Mr. FRASER: Let me finish that. The reply he got from the official in charge was that the file had been sent for by the Minister a few days before and that I could not get it.

By Mr. Henderson:

Q. I thought you said you had got the information?—A. Not the information about the shipping bills.

Q. Even making any kind of allowance you like for shipping bills, is there any sum that you can multiply by five so as to work out this result as the difference between the \$20,000 and the \$29,000?—A. What do you mean?

Q. The two things don't tally.

Mr. DEWART: He had not the New York evidence at that time.

Mr. FRASER: All that I was informed was that they sold it for \$25.

By Mr. Henderson:

Q. Is not that what you are going on, that somebody told you that there was something wrong about this, and that it was sold for \$25 a thousand?—A. Somebody told me it was sold at \$25 a thousand.

Mr. HENDERSON: Was that somebody an official.

Mr. DEWART: Surely that should not be allowed.

Mr. FRASER: Do you mean an official of the Militia Department?

Mr. HENDERSON: Was it an official of any department?

Mr. FRASER: I do not wish to answer that.

Mr. HENDERSON: Of course, if you are going to protect yourself in that way, you can say anything you like and we cannot get the ground of your information. But you will agree with me in this: that outside of that, there was nothing in the figures which would warrant you in saying that there was a profit of \$5 per thousand?

Mr. FRASER: I did not have the figures, \$29,475.75 at that time.

Mr. HENDERSON: Did you have any figures at that time?

Mr. FRASER: I had the amount that we received.

By Mr. Henderson:

Q. The amount that the Government of Canada received?—A. Yes.

Q. But that would not tell you anything?—A. It told me it was sold at \$20 a thousand.

Q. But you had no idea whatever of how much the Lewis Trustee account received?—A. Not at that time.

Q. All you knew was that somebody had told you it was resold at a profit of \$5 a thousand; is that it?—A. Yes.

Q. And on the strength of that information, you undertook to make the statement that it had been resold at a profit of \$5 per thousand?—A. Yes.

Q. So that it was this mysterious informant of yours, or somebody else, upon the face of whose statement you were able to say: "I have reason to believe that the ammunition was resold at an advance of about twenty-five per cent and that its destination was not Vickers, Limited."—A. Yes.

Q. That must have been a person whose word was worth something?—A. Yes, I consider the information reliable.

Q. Either that person was right or Mr. Orr Lewis is right?

Mr. DEWART: Read Sir Sam Hughes' remarks in the House.

Mr. HENDERSON: My learned friend interrupts more than any counsel of experience I have ever known of; I would suggest that these interruptions are inopportune and improper.

Mr. DEWART: I was simply trying to put you on the right course.

Mr. HENDERSON: No guidance is required from you.

By Mr. Henderson:

Q. Do you follow me, Mr. Fraser—this mysterious information of yours was right or Mr. Orr Lewis is right?—A. I had not heard Mr. Orr Lewis then.

Q. No, but you have heard him now; I am questioning you now, Mr. Orr Lewis has given his statement under oath. Do you propose to give the Commission the opportunity of hearing your mysterious informant give his evidence under oath?—A. I will give the Commissioner his name later on.

Q. When you get his consent, perhaps?—A. I would like to have his consent. Of course, if I am compelled by the Commission to give his name without his consent I will have to give it.

Q. Do you think now you could any better answer my learned friend Mr. Hutcheson's question, as to whether or not you are fair now in keeping an open mind?—A. Yes, because I consider my informant just as reliable as Mr. Orr Lewis.

Sir CHARLES DAVIDSON: It is desirable that if this name is to be given it should be given to counsel.

Mr. HENDERSON: Why can't you tell us who it is? Don't you think we can make a guess, his name commences with a "C", does it not?

Mr. FRASER: I would like to have a little more of the spelling than that.

Mr. HENDERSON: Does not his name commence with a "C" and he has a sick wife?

Mr. FRASER: I do not know his wife at all.

Mr. HENDERSON: His name commences with a "C" and I do not think we need worry about the rest of the letters. He has been making a good many statements about other people lately, has he not?

Mr. FRASER: I never heard them.

Mr. HENDERSON: And statements equally ill-founded?

Mr. FRASER: I have never heard him say anything about other people.

Mr. HENDERSON: And statements that have not borne the test of thorough examination—I do not think we need worry any more about that.

Mr. DEWART: I take it that the question of finding out the source of any evidence of such a hearsay character as that is not one that is usually recognized.

Sir CHARLES DAVIDSON: The point is more far-reaching than that, a fact that I imagine will appeal to your own judgment.

Mr. DEWART: In the return made in the House of Commons in response to a motion made by Mr. Macdonald, member of Parliament for Pictou, on the 5th and 6th of April, which was on the 10th of April referred to the Privy Council for report and was brought down to the House on the first and second of May, there is quite a lengthy statement or memorandum regarding Canadian rifles, Mark II and III and ammuni-

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tion, Mark VI and VII. This memorandum is headed "*Re* the sale of this defective ammunition" and I want to take the witness whether he has knowledge of this memorandum by the Minister:

The Canadian Treasury has received \$20 for every thousand rounds thereof. There are no records available to show what became of it, further than that it was regularly ordered and shipped to Vickers, one of the most reputable firms in the world. The assurance was given that not one cent was paid in commission by the firm to any one, and no profit was made on it. It is understood that to cover the cost of transport, handling, exchange, insurance, etc., a sum was added by one of Vickers' officers to the price, but, on learning that these expenses were borne by the British Government, they were immediately removed, but that is their own concern.

You had not that statement of the Minister before you at the time you made that inquiry?—A. No, I saw it after the return was brought down in the House.

Q. Then I see that on the 13th of May, speaking in the House, at page 4053 of Hansard, referring to this matter, the Minister of Militia made this statement, which I presume you did not know at the time:

This defective ammunition released a similar quantity of good English ammunition for the front. It has been asserted that Vickers' officer in England added, for transport, freight, insurance, exchange, handling and risk, one pound sterling additional, and then sold the lot to the British Admiralty for \$25 per thousand. The Militia Department has no record of this, the sale being direct to Vickers' officer, Mr. Searles, in England. All we know is the insinuation in the Auditor General's Report and remarks heard in various places throughout this country. The sale was made direct to Vickers' officer, Mr. Searles, in England. We are informed on good authority, that on finding all expenses were paid by the Admiralty, Mr. Searles withdrew the charge of \$5.

You learned on the 13th of May from the statement of the Minister that \$5 had been charged and was withdrawn?—A. I read that some time afterwards.

Q. Now, with reference to the bank account which you looked into in New York, you did not get a copy of that account?—A. No.

Q. And I take it from what you said this afternoon that as it was this particular matter of payments coming through your office that you had to investigate, that you took simply such notes as showed the particular transactions that related to that matter?—A. I think all the notes I took were these figures.

Q. So that you are not in a position to reproduce the account or say what other payments were made and on what account the other payments were made?—A. No.

Q. Did you in taking these figures endeavour to get all the figures that you found related to this particular transaction and that were traceable to it—I mean to say the credits and debits from the Admiralty as placed to the credit of Mr. Orr Lewis, and the debits being the payments made by him on that account to the Government of Canada?—A. I did not try to get any other information.

Q. And, as a matter of fact, if any other payments were made, were they so earmarked that you could see whether they were relevant to that transaction or not?—A. I do not know whether they could be traced or not.

Q. It would be impossible without the production of that account to see what that account is?—A. I cannot say.

Sir CHARLES DAVIDSON: Was it a very voluminous account?

Mr. FRASER: It was a page or perhaps a page and a half of the ledger, it is not very large.

Mr. DEWART: My learned friend asked you as to whether it was a final adjustment; you treated the question of the items that were distinctly relevant to this transaction as being balanced against one another and showing a difference of \$15,000?

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Mr. FRASER: Yes.

Sir CHARLES DAVIDSON: Are they balanced against one another?

Mr. DEWART: The Auditor General balanced them against one another. He took those that were relevant to this transaction on the one side, and that were distinctly traceable to it, and put one against the other.

Sir CHARLES DAVIDSON: I understand that the account is not balanced.

Mr. HENDERSON: The account is not balanced.

Mr. DEWART: There was upon the face of the accounts a balance of \$15,000.

By Mr. Dewart:

Q. Was there anything in the account to indicate that that was not a final adjustment?—A. I cannot say that.

Q. So that there is no possibility of dealing with that matter without the production of the account?—A. Quite so.

Q. And my learned friend asked you whether you got this information from the Bank of Montreal, and I understood you to make a distinction between something that was furnished you and that which by virtue of your duties as Auditor General you went and got?—A. I got the most of it in the course of my duties as Auditor General. I saw those amounts. I do not know whether it was intended that I should see them or not. But they were interesting, and I took them down on the envelope that I had in my hand.

Q. What I mean to say is it was not information given to you by some official of the bank; it was information that you got from documents that you were fortunate enough to inspect?—A. Yes.

Q. Did you find there any items, so far as these 500 bayonets and scabbards are concerned, as to what they amounted to?—A. No, I have no recollection of that.

Q. Could you speak from the accounts that have passed through your hands as Auditor General as to what the charge has been for bayonets and scabbards?—A. I have no recollection of any having been sold to the Government.

Q. You have not found any item that would make a difference of \$8,000 for 500 bayonets and scabbards, I presume?—A. I think the price is mentioned at \$6 each.

Mr. DEWART: At present, Mr. Fraser, there is nothing further that you can help the Commission with?

Mr. FRASER: Mr. Commissioner, I think perhaps I may have left a wrong impression from my answers to Mr. Henderson's questions to me. I may have left the impression that I would prefer believing somebody else to Mr. Orr Lewis, and after all, that being the question put, it was a little difficult for me to answer that question properly. It was not my intention, however, to leave any inference of that kind. I have had so many statements made by men in whom I had as much confidence as I have in Mr. Orr Lewis. There is the statement of the Minister of Militia, there is the statement of the Prime Minister in the House, and those have turned out to be wrong, and they are now admitted to be wrong. Mr. Lewis himself has contradicted the Minister of Militia and has contradicted the Prime Minister. That is what I mean when I say that I am not prepared to accept Mr. Lewis' statement.

Mr. HENDERSON: You contradicted Mr. Lewis' statement on oath.

Mr. DEWART: No, he says he is not prepared to accept it.

Mr. HENDERSON: He went further than that.

Mr. FRASER: Mr. Lewis has absolutely contradicted the statement of the Prime Minister and the Minister of Militia with reference to the destination of this ammunition. They stated that the ammunition was sold to the Maxim people for testing purposes, and now it turns out that it was sold to the Admiralty.

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Mr. HENDERSON: The Auditor General knows very well that they were sold through Searles, and he knows how they were sold, and it is very unfortunate that he should call the statement of Mr. Lewis a contradiction of the statement of the Prime Minister.

Mr. FRASER: Mr. Lewis stated the ammunition was sold to the Admiralty, and the Prime Minister and the Minister of Militia stated it was sold to Vickers, Limited.

Mr. HENDERSON: Surely the Auditor General is big enough to see the explanation of that, if he does not, it is simply shocking.

Mr. DEWART: What is that?

Mr. HENDERSON: I say that if the Auditor General does not see the explanation of that it simply shocks one; the explanation is perfectly simple, and he must know it. It is most unfortunate that the statement should go on this record that Mr. Lewis under oath has contradicted the Premier and the Minister of Militia, when we know now the facts, the position being that Sir Trevors Dawson, who is known to be a director of Vickers, was assumed by these gentlemen to have been acting on behalf of Vickers, when he was acting on behalf of the Admiralty. Mr. Lewis explained that he was not acting on behalf of Vickers, but that he was acting directly for the Admiralty. That is not a contradiction at all, and it is a most unfortunate thing that a gentleman occupying the position of the Auditor General of Canada should call it a contradiction. I am sorry that he should do so.

Mr. DEWART: The regret of my friend, Mr. Henderson, is perhaps ill-timed. If he had heard what was said by Mr. Lewis during the earlier part of his evidence——

Mr. HENDERSON: I did hear it.

Mr. DEWART: —he would have realized that he had discredited the statement contained in Colonel Allison's apparent connection with the Vickers people, upon which reliance was made, and that he absolutely justified the conclusion that the Auditor General has come to, that from some source at present unrevealed the Minister of Militia and the Prime Minister were misinformed, with reference to what was the character of the transaction. If my learned friend, Mr. Henderson, insists on my bringing it out in that way, I have to do so.

Mr. HENDERSON: I congratulate my learned friend, Mr. Dewart, on his agility in grasping at straws.

Mr. DEWART: In understanding facts, would be, perhaps, the better way to put it.

Mr. FRASER: I desire to say that so far as I can recollect, Mr. Lewis has not yet stated what the price was that the ammunition was sold to the Admiralty for.

Mr. HENDERSON: That has been already stated several times.

The witness retired.

F. ORR LEWIS, recalled:

Examined by Mr. Hutcheson:

Q. You have heard your letters read numbered 717 and 792, the first being dated the 1st of December, 1915, and the second the 23rd of December, 1915, and both being directed to the Manager of the Bank of Montreal in New York. In the second of these letters, there is a reference, as I have heard it read, to some commissions being paid to Mr. Allison. Now, before these letters were read this morning, you were asked in a general way, was any letter in existence anywhere containing any reference to a commission relating to this ammunition matter? And you said there was not. I ask you

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now, having heard these letters read, what do you say as to that reference in the letter of the 23rd of December, 1915? To what commission did that sentence of the letter relate?—A. Commissions on other business foreign to Canada.

Q. It had no connection whatever with a commission in connection with this small arms ammunition which is in question before this inquiry?—A. None.

Q. Then you have heard what perhaps deserves to be called the doubting-Thomas attitude of our worthy friend the Auditor General, regarding the adjustment which has yet to be made of this account. Have you knowledge at the present time of how the probable result will work out when that adjustment comes to be made—on which side of the account will the balance stand?—A. On the adverse side, I should think.

Q. What do you mean by that?—A. That means that the account will require special moneys to be deposited by some one to make the account balance, that is the present indication.

Q. So that, instead of the large amount of thousands of dollars being returnable to the possession of the Admiralty it will be the other way.

Sir CHARLES DAVIDSON: Have they ever left the possession of the Admiralty?

Mr. LEWIS: The deposits were not made by me and neither were the payments.

Sir CHARLES DAVIDSON: As I understand it, the Admiralty put these funds into the account in the name of the Trustee. It was that distinction I had in mind. Would you consider that a payment over by the Admiralty?

Mr. HUTCHESON: I mean the deposits to the credits of this account precisely as you mean, sir.

Mr. LEWIS: They sent that money through Sir Trevor Dawson to New York and there it remains in the Bank.

Sir CHARLES DAVIDSON: Under whose control?

Mr. LEWIS: Under my control, but I neither received the deposit nor paid out the money.

Sir CHARLES DAVIDSON: Is it under the control of the Admiralty still?

Mr. LEWIS: No, sir.

Sir CHARLES DAVIDSON: Would the Admiralty have lost control?

Mr. LEWIS: The Admiralty hold Sir Trevor Dawson responsible.

Mr. HUTCHESON: And when the final adjustment comes to be made, there will have to come from some source, the Admiralty or elsewhere, a sum which is needed to supplement what has been already deposited in that account, to balance it up.

Mr. LEWIS: Exactly so.

Sir CHARLES DAVIDSON: What for?

Mr. LEWIS: The purchase of munitions of war.

Sir CHARLES DAVIDSON: But we are only speaking with respect to this particular transaction for the sale and purchase of ammunition.

Mr. LEWIS: I am speaking of the account generally.

Sir CHARLES DAVIDSON: Are you and Mr. Hutcheson not speaking from different points of view?

Mr. LEWIS: Mr. Hutcheson has been asking me about the account generally.

Mr. HUTCHESON: I asked the witness about the general account which contains mostly relating to numerous matters.

Sir CHARLES DAVIDSON: Then I have been misconceiving the object of your questions.

Mr. HUTCHESON: I regret that, sir, if the fault be mine.

Sir CHARLES DAVIDSON: What have we to do with possible additional charges in connection with other matters.

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Mr. HUTCHESON: Just this—comment may be made that it is very singular that so large a sum should, lie at the credit of this account for so long a time, without any adjustment being made, and the object of this evidence was to bring out the fact that when the adjustment is made, covering the various matters connected with this account, instead of any money being returnable to the Admiralty there will be a considerable amount coming from the Admiralty to be disposed to the credit of the account.

Sir CHARLES DAVIDSON: I had the impression that your questions were in the direction of showing that \$79,000 did not suffice to cover the cost of the ammunition.

Mr. HUTCHESON: I had no such idea.

Mr. DEWART: That was my idea also.

Mr. HENDERSON: I understood it as Mr. Hutcheson did. My understanding was that the difference of \$15,000 or \$16,000 had long since been eaten up by the purchase of others munitions of war.

Sir CHARLES DAVIDSON: It is quite plain now.

Mr. HENDERSON: I happen to know that others have been active in purchasing other munitions of war.

Sir CHARLES DAVIDSON: It is quite plain.

By Mr. Hutcheson:

Q. Another point arising out of these letters, am I right in understanding, that the intention of yourself as writer of these letters was to convey to the Manager of the Bank of Montreal the information that the amount of \$29,000 odd to be placed to the credit of your account, was to cover something other than this particular ammunition?—A. As I remember that letter this morning, it included also the case of the bayonets and the scabbards.

Q. And the other letter relates to some Winchester rifles?—A. To some Winchester ammunition. It was explained in the first place about the bayonets and scabbards, but whether the Winchester ammunition had anything to do with it or not, I am not prepared to say.

Q. I ask you once more: The effect of the transaction simply is that the Admiralty, or the War Office, as the case may be, simply used your name; the money was placed under your name?—A. I allow Sir Trevor Dawson the use of my name in any way he desired to use it for the purchase of things required for the war.

Q. Could you very well charge any profit?—A. No, I could not. There is no way in which I could insert a profit into that account; even if I were the greatest accountant in Canada; it is impossible.

Q. We will go further and say that you could not do it even if you were the Auditor General of Canada?—A. I would not like to say that. But, it would be an utter impossibility for me to interject anything into that account that would pay a profit to anybody, much less for myself.

By Mr. Dewart:

Q. Why have you not got your statements of accounts here; you see the difficulty of examining you with reference to this matter without them?—A. I have told you this morning that I have no books of account.

Q. There are accounts in the bank?—A. I have told you there is an account in the bank.

Q. How many accounts have you had in the Bank of Montreal?—Two.

Q. What is the difference between No. 1 and No. 2 account?—A. No. 1, account covered transactions which were completed before this thing started.

Q. What did No. 2 cover?—A. Transactions in process.

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Q. Did it cover anything except Canadian transactions?—A. Yes.

Q. You pledge your oath on that?—A. It is so stated in the letters to the Bank of Montreal. There are 200,000 rounds of Winchester ammunition, and that is American ammunition. I pledge my oath that there were other transactions that account had to do with which had nothing to do with Canada.

Q. Did you sign these letters on the 1st of December, 1915, and on the 23rd of December, 1915, of which copies have been filed this morning—A. I believe I did.

Q. Where were you when you signed them?—A. I would be in London.

Q. And apparently between the 1st of December and the 23rd of December you had considerable correspondence because one of these letters is numbered 717 and the other is numbered 792?—A. The numbers would show you that.

Q. There were 75 letters in three weeks, of all of which there are copies in London?—A. And, Mr. Dewart, they had nothing whatever to do with the business we are talking about.

Q. I am asking you if copies of these letters are in London?—A. They are.

Q. Do you state there is nothing that relates to this particular business except these letters that are produced here?—A. Yes.

Q. When you wrote the letter of the 1st of December, you spoke with reference to the 500 bayonets and scabbards for the Ross rifles, and you put the purchase price at \$6 each, was that correct?—A. Whatever is in that letter is correct.

Q. And you say also that the Admiralty have ordered "1,000,000 .303 ammunition manufactured in Canada. Our price for this is \$20 per thousand rounds." What does "our price" mean?—A. I was representing Sir Trevor Dawson in obtaining that ammunition, and, as I said before "our price" meant the price that would be paid by the Bank of Montreal for it.

Q. Then you say in the letter "price of boxes required for the shipment is \$1.47 each additional to the above \$20 per thousand." And then you go on to say, and I want to call your attention to the last paragraph of this letter, which reads: "The total amount which the Admiralty is transferring to my credit, for account No. 2, from which you will pay items mentioned above, is \$29,448, and included in this is \$22 being the deficiency in connection with the amount previously remitted for the 500 Ross rifles." Do you realize this fact, Mr. Lewis, that after making all reasonable reduction: there is \$20,927.44 that you paid to the Government, plus the 500 bayonets and scabbards at \$6 each, \$3,000, and you put the difference of \$25,000, which is in the account—you realize that?—A. Yes.

Q. In respect to that matter, the \$20,927.44 was paid, is that correct?—A. I am asking you as to what you paid for that million rounds, that is the first order of the 21st December, 1915, did not you pay \$20,927 for that million?

Mr. HENDERSON: My learned friend is not fair—it is not for a million—the figures the Auditor General gives shows that there was only 986,300 rounds, and the return to Parliament shows that at page 22.

Mr. DEWART: Well, the difference between the cost of the 986,000 and the million would only be \$280, and if you add your \$20,927.44, and the \$3,000 for the bayonets and scabbards, and the \$22, and then take \$280, you get \$24,299, and if you subtract that from the \$29,437, you have \$5,200, and upon that basis it amounts to the twenty-five per cent; do you realize that?

Mr. LEWIS: Yes.

Mr. DEWART: Were you not dealing with it on that basis?

Mr. LEWIS: No, you have forgotten one thing—

Mr. DEWART: I have forgotten a good many things.

Mr. LEWIS: May I be allowed to refer to only one thing that you have forgotten: you have forgotten all about the boxes and the packing.

Mr. DEWART: These are taken into consideration in the total price.

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Mr. LEWIS: No, not in the total.

Mr. DEWART: I show you these two documents, pages 22 and 24 of the return to the House of Commons and they include the boxes.

Mr. LEWIS: They do not.

Mr. DEWART: The return shows that the price paid to the Government of Canada was \$20,927, and I am giving you that item, and the \$3,000, and the \$22, and the \$280, and I am putting it to you that the difference between the sum total of these items and the \$29,000 shows that you received practically a pound sterling that is not charged, do you realize that?

Mr. LEWIS: Mr. Dewart, I told you this morning that I was dealing with an account which is not closed, and you can attempt to make anything out of that letter which you please, but you cannot change the effect of the evidence that I have already given.

Mr. DEWART: I am taking what you wrote on December 1, 1915, and I read this to you again:—

“The total amount which the Admiralty is transferring to my credit for account No. 2, and for which you will pay items mentioned above is \$29,448,”

and you specified what that is for. Did you not then intend to indicate that you received the \$29,000 for the very purpose that letter was received for?

Mr. LEWIS: Whatever I received the money for, it all has to be accounted for in the settlement of the transactions when they are complete. I do not know how the Admiralty arrived at the amount that they remitted.

Mr. HENDERSON: When Mr. Dewart arrived at his figures in his way of calculating he is all off.

Mr. LEWIS: I say that I do not know how they arrived at the amounts.

Mr. DEWART: In your letter No. 792 of the 23rd December you wrote acknowledging the receipt of the favour showing credit to your trustee account of \$29,457.75, which was the corrected figure, that is right. There is a little correction there of a matter of \$9, which would be a matter of exchange, I suppose.

Mr. LEWIS: Yes. You see much as I would like to change anything to suit you, I cannot change my evidence in any way.

Mr. DEWART: You wrote this:—

“I am in receipt of your favour of the 16th instant advising the credit to my trustee account No. 2 of \$29,457.75. I also have your letter of the 8th respecting the shipment of 100 cases of Winchester ammunition. I understand this still leaves another 200,000 rounds to come forward to complete this contract.”

Did you get the money to pay for the Winchester ammunition?

Mr. LEWIS: I do not know that the money to pay for the Winchester ammunition was deposited.

Mr. DEWART: But money did come to pay for that?

Mr. LEWIS: Oh, yes.

Mr. DEWART: These transactions were considered separately and individually, and when you wanted money for a specific purpose the money was sent for that purpose?

Mr. LEWIS: A round sum.

Mr. DEWART: Such as would cover the particular matter under consideration.

Mr. LEWIS: Yes.

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Mr. DEWART: Then you go on to say in this letter:—

“With respect to the .303 ammunition manufactured in Canada the Admiralty have now transferred the further sum of \$26,176 covering 1,000,000 rounds of ammunition and 800 boxes.”

Do you realize that was a designation of this same amount for that specific purpose?

Mr. LEWIS: Yes, but do you realize that 800 boxes did not carry 1,000,000 rounds of ammunition?

Mr. DEWART: What I am pointing out is this: that there was in your letter an express statement that so far as the Admiralty were concerned they were transferring the sum of \$26,000 and it was for 1,000,000 rounds of ammunition which you were buying from the Government at \$20 a thousand; there was a liberal addition to the \$20 a thousand in that \$26,000.

Mr. LEWIS: It was a round sum. However it was arrived at, it was a round sum. All the transactions are completed after the purchases have been made and the goods have been shipped, and the final cost has been arrived at, you cannot change that.

Mr. DEWART: Then you say in this letter:

“As soon as the payments to cover all the transactions now on hand are completed, I will be glad to have a statement of the No. 2 account, to enable me to send Colonel Allison a cheque to cover his commission.”

Have you received that statement of No. 2 account?

Mr. LEWIS: What is the date of that?

Mr. DEWART: The 23rd of December, 1915.

Mr. LEWIS: Yes, I believe that was sent over to London.

Mr. DEWART: Have you got it?

Mr. LEWIS: Not here.

Mr. DEWART: Will you produce or send a copy of it to the Commissioner?

Mr. LEWIS: Yes, if necessary.

Mr. DEWART: So that it will show for the confidential use of the Commissioner what were the commissions paid to Colonel Allison.

Mr. HENDERSON: In a subsequent letter which Mr. Dewart has before him, the bank says that they enclose the statement of the trustee account, to date.

Sir CHARLES DAVIDSON: I can hardly accept it as for confidential use.

Mr. DEWART: The point is, Sir Charles, that with your great judicial experience you would be able to say that certain of these matters are matters that form properly the subject of inquiry here or that do not. You can see whether they relate to other transactions or not.

Sir CHARLES DAVIDSON: If that is the idea, then another expression should be used than that they are for my confidential use.

Mr. DEWART: I should have said, sir, that they would be submitted to your judicial discretion.

Sir CHARLES DAVIDSON: Just put the question again.

Mr. DEWART: Will you, Mr. Lewis, send for his Lordship's judicial discretion as to production, a statement showing that account, a copy of that account, and statement showing how Colonel Allison's commission was made up.

Mr. LEWIS: In so far as the account refers to this transaction.

Mr. DEWART: In so far as the account goes into detail.

Mr. LEWIS: I do not see how I could give away information belonging to other people.

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Mr. DEWART: But you see that otherwise we have no way of testing the accuracy of your recollection as to what Colonel Allison collected commission on.

Mr. LEWIS: I cannot tell you now from memory what he collected on, but I can tell you, and I have told you, that Colonel Allison has not collected any commission on the transaction that is now being discussed here.

Mr. DEWART: Are you unwilling—having yourself admitted that your memory is not as good as it might be, and I quite recognize that it is somewhat physically shaken—

Mr. LEWIS: Please do not put it that way.

Mr. DEWART: Are you not willing for your own sake that the accuracy of your recollection should be tested by a verified copy of the account, and of the statement as to commission.

Mr. LEWIS: I will give you all the information about the matter under consideration.

Mr. DEWART: I am asking you whether you are not willing to have your recollection tested by documents which will show whether your recollection is correct or not. I am not casting any reflections upon you at all except that perhaps you may be somewhat forgetful.

Mr. LEWIS: I am not forgetful when I make a statement about these transactions, but it may be that I cannot give you dates. I have made the statement in as many ways as I can make it that I am only acting as trustee. I cannot of my own motion, in the case of this trustee account, furnish information as to matters that do not belong to this country and do not appertain to this inquiry.

Mr. DEWART: Then I am to take it that you are unwilling to furnish a copy of this.

Mr. LEWIS: Unwilling to promise to furnish it on my own responsibility.

Mr. DEWART: You are at present unwilling to furnish a copy of the trustee account or a copy of the statement that we asked for in reference to it, so that we may deal with the question of Colonel Allison's commission, or so that his Lordship may judicially deal with it?

The WITNESS: I am unable to promise to supply information about materials of war for which I am merely acting as trustee and which have no connection whatever with Canada.

Mr. DEWART: You understand, Mr. Lewis, that so far as this inquiry is concerned, there is no desire on the part of anybody to extract from you any confidential information; you realize that?

Mr. LEWIS: No, I cannot say that I do.

Mr. DEWART: I thought you would give me credit for that.

Mr. LEWIS: No.

Mr. DEWART: If you do not go that far, then may I ask you, sir, whether you would not recognize the fact that people very often forget about details of transactions.

Mr. LEWIS: My dear Mr. Dewart, I cannot forget about any details of transactions in connection with this as it affects a principle.

Mr. DEWART: Look at these two letters of yours, are these details that you had forgotten this morning?

Mr. LEWIS: No.

Mr. DEWART: Were they in your memory when I asked you questions this morning?

Mr. LEWIS: No, but the moment I saw the letters and read them, I knew the principals.

Mr. F. O. LEWIS.

Mr. DEWART: Exactly, that is what I have been endeavouring to suggest, and though these letters had been blotted out of your recollection until the copies were produced to-day, you now remember them.

Mr. LEWIS: Wait a moment.

Mr. DEWART: I am trying to be fair with you.

Mr. LEWIS: No, you are not.

Mr. DEWART: I am trying to.

Mr. LEWIS: Perhaps you are trying to, but you are not. I do not think I should try to battle with you, Mr. Dewart; I do not think I am capable of doing that.

Mr. DEWART: Did you remember the contents of these letters before the Auditor General produced them to-day?

Mr. LEWIS: I remembered the principle of what the letters were for.

Mr. DEWART: You did not remember you had written them at all.

Mr. LEWIS: I could not tell you that.

Mr. DEWART: You see, that is the point I am urging now: that your memory may be faulty in connection with the Allison commission.

Mr. LEWIS: No, my memory is not faulty in connection with the commission.

Mr. DEWART: The Allison commissions stand on a rock.

Mr. LEWIS: They do, in this way: I am not acting for myself.

Mr. DEWART: Am I to understand that you decline to have the Commission given an opportunity to test the accuracy of your memory?

Mr. LEWIS: I cannot of myself promise to furnish confidential information in connection with the people who I tell you I am trustee for.

Mr. DEWART: It is not the people that you are trustee for—the question at stake here is the commissions that have been paid; you realize that. The whole object of this inquiry is to see whether on Canadian orders certain people who have been mentioned have been making commission; you realize that?

Mr. LEWIS: Yes.

Mr. HENDERSON: We are commencing to realize that there were no commissions paid.

Sir CHARLES DAVIDSON: Have I at length secured a statement of your position, Mr. Dewart: that the whole object of this inquiry is to see if commissions have been paid.

Mr. DEWART: That is on this particular point, but I would scarcely like to limit myself as to that because there are other questions that arise as to the character and quality of the goods. But, on this particular point, I am referring to the question of commissions.

Sir CHARLES DAVIDSON: I have been somewhat watchful in the way of discovering what the ultimate purposes of this Commission in concrete form are.

Mr. HUTCHESON: I have not been able so far to properly understand Mr. Dewart's position before the Commission.

Mr. DEWART: You are the chief investigator.

Sir CHARLES DAVIDSON: I imagine Mr. Hutcheson calls himself the inquirer and you the accuser.

Mr. HENDERSON: You are Mr. McKenzie.

Sir CHARLES DAVIDSON: And Mr. Henderson is possibly a watching counsel.

Mr. DEWART: I am trying to associate myself with my learned friend, Mr. Hutcheson, in investigating.

Mr. F. O. LEWIS.

By Mr. Dewart:

TO WITNESS:

Q. I want you to consider, and to tell me from your memory and recollection whether you did receive this statement with reference to the Allison commission, in response to this letter of yours of the 23rd of September, and leave to one side your questioning as to what the commissions were?—A. I believe I received the statement I asked for.

Q. Then let me ask you when the letter of the 18th of January came to you; here is the letter in regard to which they referred specifically to your letters, numbered, 717 and 792:

“With reference to your letter No. 792 as requested jointly therein and by your letter No. 717 of the first ultimo, we are to-day debiting your trustee account No. 2 with \$42,867.82 and transferring this amount to our Ottawa Branch for credit of the Receiver General for Canada, Militia Department, in settlement of their voucher No. D 132, handed us by Col. Allison, a copy of which is enclosed herewith and covers the cost of 1,999,800 cartridges plus boxing charges.”

Have you got that statement?—A. I mentioned a few moments ago that I believe I received that statement.

Q. Where were you when you received the letter of January 18?—A. I think I was in London.

Q. When did you leave London to come out here?—A. I think I sailed around the first of March. I arrived back in Montreal about the 13th of March.

Q. Are you sure about when you did leave?—A. I am under oath. I cannot say exactly the day I arrived in Montreal, but I arrived about that time.

Q. Do you recollect whether you brought out these two statements which you received in December or January in England?—A. I did not.

Q. Where did you leave them?—A. They are in London.

Q. Have you copies of them here?—A. No.

Q. Let me read the last paragraph of this letter of the 18th of January:

“We understand that all payments requested by you to date have been made and all contracts of which we know completed. We will, therefore, be pleased to give effect to your instructions for us to pay a specific amount out of funds at your credit to Col. Allison in settlement of commissions as mentioned by you.”

Did you learn or did you know what the sum was that was paid to Colonel Allison in pursuance of that letter?—A. The only payment that was made to Colonel Allison in pursuance of that letter was made in connection with American business. That is what the letter referred to.

Q. And I can get no copies of the letter or memorandum from you that at all will help your memory?—A. Not on my own responsibility as trustee.

Q. I am not speaking of your general business now, I am speaking of this particular thing?—A. I am not trustee for Allison; I have informed you who I am trustee for.

Q. The information I am asking from you is not something that refers to your principals' business, but his reference to the commissions paid to Colonel Allison, do you understand, out of this special account in which these moneys came, and you decline to give that information?—A. I cannot answer that question any differently from what I have answered it already.

MR. DEWART: That is all, Mr. Lewis, I apparently cannot get these documents. I do not know what position to take with reference to these documents. Mr. Lewis is here under subpoena to produce documents, and I should think that a copy of his account in New York is sufficiently under his control to be produced, and it is a

MR. F. O. LEWIS.

matter in regard to which, in so far as these commissions and payments are concerned, and the other documents he has in London, there should be some order given before he leaves that they should be put under your judicial discretion, sir, or, that he would give an undertaking that they would be put under your judicial discretion.

Sir CHARLES DAVIDSON: I understand Mr. Lewis at the moment to hold out some hope, or at least to make the statement that it is a matter he will have to refer to his principals in England. Is that your stand, Mr. Lewis?

Mr. LEWIS: Of course you cannot expect me to divulge the business that I am only a trustee for. These are war times.

Mr. DEWART: I think I heard you make that remark before.

Sir CHARLES DAVIDSON: Is there any hope, Mr. Dewart, of our being able to learn this morning on whose behalf you so efficiently discharge your professional duties?

Mr. DEWART: I understand I am here by virtue of an understanding in the House of Commons. Unfortunately my client is out of town, but I have given to your Lordship a copy of a letter from Sir Wilfrid Laurier to Sir Robert Borden.

Sir CHARLES DAVIDSON: That seems like a personal communication upon which you could act, and it does not need to be filed here. For whom do you appear?

Mr. DEWART: I understand that I appear jointly with my learned friend, Mr. Hutcheson, to prosecute this investigation.

Sir CHARLES DAVIDSON: You ought to be seriously able to make a statement now as to that, Mr. Dewart.

Mr. DEWART: I presume no reply has been received to Sir Wilfrid Laurier's letter because Sir Robert Borden is out of town.

The Commission then adjourned to meet at eight o'clock at night to hear the testimony of J. Wesley Allison.

The Commission met at eight o'clock in the evening.

Sir CHARLES DAVIDSON: Have you anything further to ask Mr. Allison, Mr. Hutcheson?

Mr. HUTCHESON: Not at the present stage. I thought it well that he should be submitted for cross-examination by the Counsel representing Mr. McKenzie, and if any new question arises I can take it up on re-examination. I can see no useful purpose in going over the ground already covered by Mr. Thompson in his examination in chief. It is all printed in the proceedings so far as they have gone. Mr. Dewart does not appear to be here yet.

(When Mr. Dewart appeared).

Sir CHARLES DAVIDSON: Shall we proceed with the examination of Mr. Allison?

Mr. HUTCHESON: I must just repeat what I stated a few minutes ago, that I can see no useful purpose to be served by taking Mr. Allison over the ground in chief as was done by Captain Thompson, and I very gladly submit him to my learned friend, Mr. Dewart, for examination, and if anything develops in regard to which I think I would like to question him, I can do it on re-examination.

Mr. DEWART: I am very glad to take the matter up. I am sorry that nobody in the hotel called my attention to the fact as to where the Commission was sitting, or I should have been here.

J. WESLEY ALLISON, recalled:

By Mr. Dewart:

Q. What was your exact status, so far as the Dominion Government was concerned, in any negotiation that you undertook or pretended to undertake, with reference to the purchase of this small arms ammunition?—A. I do not know what you mean.

J. WESLEY ALLISON.

Q. Whom did you represent?—A. A representative of the British Government.

Q. Of the British Government?—A. Yes.

Q. On whose authority?—A. A representative of the British Government.

Q. But authorized by whom to represent the British Government?—A. I do not understand your question.

Q. You appear to have conducted certain negotiations with the Canadian Militia Department, looking to the purchase of certain small arms ammunitions?—A. Cartridges?

Q. Yes, ammunition, and I want to ask whom you represented in that respect, under whose authority?—A. It was, as I said, a representative of the British Government.

Q. Would you mind mentioning the name of that representative?—A. I do not know that I should answer that.

Mr. HENDERSON: Better give it.

The WITNESS: Sir Trevor Dawson.

By Mr. Dewart:

Q. What information had you with reference to the small arms ammunition or cartridges that existed in Canada at the time you undertook these negotiations?—A. I do not remember where I got my information. I may have got it from him and I may not. I know I telephoned to General Hughes, and he referred me to the Quartermaster General.

Q. Can you tell the time you telephoned to General Hughes?—A. Some time early last summer, a year ago.

Q. June or July perhaps?—A. Yes.

Q. What was the result of the telephone message to General Hughes?—A. He referred me to the Quartermaster General.

Q. Before that, owing to the intimate personal relationship that appears to have existed between General Hughes and yourself, you had some knowledge with reference to the condition of affairs in regard to ammunition in Canada?—A. No.

Q. None?—A. Very little.

Q. It has been the subject of a rather distinct inquiry in the United States. You had made it your business to find out what ammunition there was in the United States?—A. Oh, yes.

Q. From more than one firm? From the Remington firm and from another firm?—A. Oh, from anybody whom I thought had ammunition.

Q. Were you so deputed to inquire about ammunition by the British Government?—A. Oh, no.

Q. Was it Sir Trevor Dawson suggested to you that you should make these inquiries?—A. This particular inquiry—yes, I represented Sir Trevor Dawson.

Q. I am not speaking of this only. I am asking had you any specific authority to make these inquiries?—A. What has that to do with this question?

Q. It has a great deal to do with it, because I want to know what you knew about our ammunition before you made inquiries?—A. I have already told you I did not know anything about it.

Q. You had rather an intimate personal acquaintance with General Sir Sam Hughes?—A. I have known him many years.

Q. I am asking you particularly, where did you get your information that led you to make your inquiries about Canadian ammunition?—A. I do not remember.

Q. Surely you can get your mind back to that point?—A. No, I cannot. It may have been Sir Trevor Dawson, I do not know.

Q. At any rate, there was a time when you did make that inquiry?—A. I telephoned, as I have told you.

Q. And what information did you discover or what statement was made?—A. The Quartermaster General told me he would let me know.

Q. By that you mean General Macdonald?—A. Yes.

Q. And did he let you know?—A. Yes.

Q. What was the information you got from him?—A. He told me that they had some 303 Mark VI that they could dispose of.

Q. Can you now cast your mind back and indicate what the years of manufacture that 303 Mark VI referred to?—A. I did not ask him.

Q. Why?—A. I do not know.

Q. Had you any knowledge with reference to the fact that Colonel Barlow, another gentleman who had come from Woolwich, had made a rather exhaustive examination with reference to our ammunition?—A. No, not at all.

Q. Your intimate personal relation with Sir Sam Hughes—Colonel Hughes he was at that time—had not given you that knowledge?—A. I did not discuss it with Colonel Hughes at all.

Q. But it was a matter with regard to which you were personally and particularly interested?—A. Not particularly, no.

Q. I do not desire to press my question with reference to the inquiries you made, but you know that you got options upon practically all the small arms ammunition there was in the United States?—A. I do not know as to that.

Q. Is it not true?—A. I do not know. That is a matter not pertinent to this inquiry.

Q. I am not asking your opinion. I am asking whether you do not know that, and whether, as a matter of fact—A. No, it is not true.

Mr. HENDERSON: Modesty compels him to answer it that way.

By Mr. Dewart:

Q. Is it not a fact that this question was a matter of your particular investigation and care, with an instinct that there might be a cent in it somewhere for somebody—a dollar?—A. No.

Q. You can put it as a pound?—A. No, no.

Q. Did you not get options on the similar ammunition in the United States?—A. No, I had no options on it. What has that got to do this question?

Q. That is not the question I am putting to you?—A. I won't give you my private business.

Q. I am not asking you to do so, but since you have fenced so successfully—.

Mr. HENDERSON: My learned friend has made many speeches, and I venture to say that nine out of ten of his co-called questions contain insinuations. I would ask him to be ordinarily decent.

Mr. DEWART: I do not think that is a fair observation from a brother member of the Bar.

Mr. HENDERSON: I think you should be careful.

By Mr. Dewart:

Q. Now, Colonel Allison, or rather Honorary Colonel—.

Mr. HENDERSON: Please act reasonably.

Mr. DEWART: Is that not reasonable? It is the title he bears.

Mr. HENDERSON: I do not propose to permit my learned friend to make sneering remarks.

Sir CHARLES DAVIDSON: I do not think that that is an improper question.

Mr. HENDERSON: It depends on the emphasis.

Mr. DEWART: Better teach me the legal ethics; am I to say Honorary Colonel or just Colonel—.

Sir CHARLES DAVIDSON: Please proceed.

Mr. J. WESLEY ALLISON.

By Mr. Dewart:

Q. Is it not a fact that having regard to the interest you had taken in these matters, you took particular care and paid particular attention to find out what could be obtained in Canada in the way of ammunition?—A. No.

Q. Then you made no inquiry?—A. Nothing, only the casual——

Q. What was the first item, \$236,000?—A. I don't remember the amount; it is in evidence, whatever it is.

Q. Your memory will not carry you back to that?—A. No.

Q. Is it not a fact that you knew there was ammunition in Canada for sale?—A. I did not know it until General Macdonald told me.

Q. And what led to your making that inquiry from him?—A. It is already in evidence here why I made it.

Q. If I have to go over your evidence, you have had, as I understand it,——
—A. I think General Hughes suggested in his evidence how the inquiry first originated.

Q. Had you a previous conversation with anybody?—A. No.

Q. With the Honourable the Minister of Militia?—A. No.

Q. Can you suggest to me how it was that you came to make an original inquiry on your own account without any prior communication with any Canadian authority?—A. I do not remember the circumstances at all.

Q. You have no recollection?—A. No, I have already told you, I telephoned General Hughes, and he referred me to the Quartermaster General.

Q. What were the words of the conversation between yourself and Colonel Hughes, as he was, at that time?—A. He said he did not know anything about it.

Q. And did not know anything with reference to what ammunition they had?—A. No, he did not discuss it.

Q. I take it, if that is so, the memorandum that has now been put in, with reference to Canadian rifles, Mark II and III and the ammunition Mark VI and VII, had not been made by the minister at that time?—A. I do not know.

Mr. HENDERSON: It was a long-distance telephone from New York, and people do not elaborate in these messages.

By Mr. Dewart:

Q. I am endeavouring to get at the facts of how you came to make your distinct and personal inquiries with reference to this Canadian ammunition?—A. I do not remember the circumstances: I do not know whether the representatives of the British Government knew about it or whether——

Q. Who was the representative of the British Government in New York?—A. I have already stated his name, and I am not going to use it again.

Mr. HENDERSON: There is no objection to using it. Just give the name.

The WITNESS: Sir Trevor Dawson.

By Mr. Dewart:

Q. Were you deputed by him to handle this matter?—A. I was asked to look after the matter, yes.

Q. By Sir Trevor Dawson?—A. Yes, certainly.

Q. And is that a reason why you used his name in communications here, representing yourself as representing the British Vickers people? You realize that you did that?—A. I do not think so.

Mr. HENDERSON: That is hardly accurate.

The WITNESS: I do not think Vickers had anything to do with it.

By Mr. Dewart:

Q. And if at any time you suggested that Vickers had anything to do with it, it was a casual observation on your part?—A. Sir Trevor Dawson happened to be an officer of the Vickers Company. There is no reason why he should not represent the British Government.

Q. But I am asking you why you should represent them?—A. I did not say I represented the British Government.

Q. And you had no authority at any time to make the suggestion that you represented even the Vickers Company?—A. I have already stated whom I made the inquiry for.

Q. Being—A. I have given the name several times.

Q. Sir Trevor Dawson?—A. Yes.

Q. I see that you wrote a letter, and if I may refer to your former testimony, my recollection is that of the date of the 8th September, 1915, you wrote a letter to General Macdonald, in which you state:

“Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to:

G. A. Searles,
Vickers House,
Broadway,
Westminster, London.”

Do you remember sending that message?—A. I have no doubt but what I sent it.

Q. And you said:—

“I have cabled asking authority to pay you from their account here for the above cartridges.”

What do you refer to by their account here?—A. As I understand it, they had a trustee account in New York.

Q. Who had?—A. The people in England.

Q. What people?—A. I am not going to give the names unless the Court orders.

Q. I am only suggesting we should know?—A. There is so much information given out that is of a dangerous character in all these investigations.

Q. Dangerous to whom? To yourself?—A. It helps the Germans in their cause, and everybody opposed to the Allies.

Q. Is that your shield and defence?—A. No, everything is open. What you want to find out is whether I made any money. I have not made a cent.

Q. What I am trying to find out from you now is what authority you had, and from whom you had the authority, under which you purported to act?—A. I have stated.

Q. And I cannot get beyond that?

Mr. HENDERSON: Do you think it is necessary to state an elementary fact more than at least half a dozen times?

Mr. DEWART: When I find Colonel Allison writing to General Macdonald and saying: “I have cabled asking authority to pay you from their account here for the above cartridges,” I ask for whom he was acting, and whose account he refers to?

The WITNESS: The account that was kept as I understand it in New York to pay for ammunitions of this kind.

Q. In the name of Mr. F. Orr Lewis?—A. I think it was.

Q. You are not sure?—A. Yes, I am pretty sure it was.

Q. Are you quite sure?—A. Yes, certainly.

Mr. J. WESLEY ALLISON.

Q. Then in your evidence I notice—or the evidence given before the Commission before—that you wrote to General Macdonald under date 6th October, 1915: this is the confidential letter from which you afterwards withdrew the confidential mark. You recollect it, do you?—A. Go ahead, ask the question.

Q. Do you recollect that this was a confidential letter, so marked, in which you afterwards withdrew the confidential mark?—A. I do not think so, I do not know.

Q. You were requested to withdraw the word “confidential,” and you consented to do so?—A. I have no recollection.

Q. Taking it as it is, under date 6th October, 1915, page 3 of the evidence already taken, you wrote to General Macdonald and said: “I have just received instructions from London requesting me to order from you an additional \$750,310 .303 Mark VI cartridges, to be shipped to the same address as referred to in my letter of September 8th.” That would be supplementary to the shipment of the 236,000?—A. There must be something wrong about that.

Q. Well, I have not an extra copy to give you.

Mr. HENDERSON: He is reading accurately from the printer's unrevised copy of the evidence in the case.

Sir CHARLES DAVIDSON: What date?

Mr. DEWART: 6th October, 1915.

Mr. HENDERSON: I think there is a printer's error in that.

Mr. DEWART: The amount is not so material.

Sir CHARLES DAVIDSON: It is correct.

Mr. DEWART: This is absolutely in accord with the headquarters record.

Sir CHARLES DAVIDSON: The witness now understands the letter.

The WITNESS: It is all right.

By Mr. Dewart:

Q. Will you explain to me that letter, if you have it before you: “I have just received instructions from London, requesting me to order from you an additional 750,000 odd of these cartridges.” From whom did you receive those instructions?—

A. From the same source.

Q. Do you produce those instructions?

Mr. HENDERSON: Have you the letter or cable?—A. Oh no, no.

By Mr. Dewart:

Q. Did you get one?—A. Evidently I got a cable or I would not say so.

Q. I am asking if you have a copy of any telegram or letter or anything else that you got?—A. No, I have not got it.

Q. Then I might take it that Sir Trevor Dawson was your authority on whom you relied as to what cartridge was in Canada which was available?—A. I did not say that.

Q. Can you suggest any other source?—A. I do not know; I do not remember.

Q. No recollection?—A. I have no recollection as to how I got the information.

Q. Have you been intimately associated with the Militia Department at all before this transaction arose?—A. No, not intimately, I have known the Militia Department for twenty-five years.

Q. Had there been any particular discussion between yourself and General Hughes?—A. No.

Q. With reference to this matter?—A. No.

Q. Apart from such suggestions as came from Sir Trevor Dawson, you cannot suggest any authority you had to make this inquiry?—A. Nothing more than my own talk with the Quartermaster General.

Mr. J. WESLEY ALLISON.

Q. You see he does not recollect some of these conversations. You realize the Quartermaster General does not recollect some of these conversations?—A. I am not surprised, he is a very busy man and has something else to do.

Q. Let us see a little further. Had you any earlier arrangement with anybody else before your arrangements with General Macdonald?—A. No.

Q. Had you?—A. No.

Q. And then there was no person with whom you would communicate with reference to the ammunition that was in existence in Canada or what you could get, or anything of that kind, before your communication by telephone with General Macdonald? Is that right?—A. Yes.

Q. Had you made an earlier arrangement with any member of the Vickers firm, referring to ir Trevor Dawson, of course, with reference to such matters, or did you know of such arrangements being made with the Minister?—A. I do not know what you mean.

Q. Did you know of any arrangement being made with the Minister of Militia?—A. I knew of no arrangement, no.

Q. The reason I ask you the question is because the Minister of Militia, in the evidence he gave before His Lordship, on the 13th of May, page 3, the answer is rather suggested by the question—

“Q. Is it correct, General Hughes, that Mr. Allison made the arrangements with General Macdonald?—A. No, the primary arrangement was made long before that with a member of the Vickers firm who was out on a special mission, and who spoke to me. Some one informed him that there was defective ammunition.”

Did you learn that from a member of the Vickers firm?—A. I do not remember where I got the information.

Q. Did you get the information that there was defective ammunition?—A. No.

Q. Did you ever get the information that there was defective ammunition?—A. I do not remember.

Q. Oh please answer, Colonel Allison. Did you ever get the information it was defective? Did you ever get the information that there was defective ammunition in Canadian stores?—A. I got the information I obtained—

Q. That is not the question. Did you ever get the information that there was defective ammunition?—A. All the information I got regarding this or any other cartridges I obtained from the Quartermaster General in the discussion with him.

Q. Did you learn that there was a lot of defective ammunition in Canada?—A. I did not learn that there was a lot of it, no.

Q. Did you learn that there was defective Mark VI ammunition in Canada?—A. He must have told me if he says so.

Sir CHARLES DAVIDSON: Does he say so?

The WITNESS: I do not know.

Mr. DEWART: I am asking whether this witness learned that.

Sir CHARLES DAVIDSON: That the Minister said what?

Mr. DEWART: Whether this witness learned about the defective ammunition.

Sir CHARLES DAVIDSON: Is that what the Minister says?

Mr. DEWART: I think so. The Minister says:—

“Some time considerably previous to this a member of the Vickers firm, speaking of the scarcity of ammunition, had suggested that everyone knew that we had a lot of defective Mark VI ammunition on hand—”

Sir CHARLES DAVIDSON: I took that cursorily as possibly meaning Sir Trevor Dawson.

Mr. J. WESLEY ALLISON.

Mr. HENDERSON: Obviously so, because he says, "a member of the Vickers firm who was out on a special mission."

Mr DEWART: This witness has sufficiently indentified himself with Sir Trevor Dawson, and I am asking where this witness learned that fact.

The WITNESS: I do not remember.

By Mr. Dewart:

Q. Was it suggested to you by Sir Trevor Dawson that this lot of defective Mark VI ammunition might be of use for machine gun practice?—A. I do not remember any of my talks with Sir Trevor Dawson on this particular matter. We had many other matters that we talked of, I do not remember, we had so many deals on.

Q. I am trying to get at the particular fact which has been substantially proved, that so far as you are concerned you were the person who really conducted the negotiations which resulted in the issue first of the 236,000 and then of the balance of the million, and then the subsequent two millions. You realize that is the fact?—A. The orders passed through me, yes.

Q. So that I am going to find out what your knowledge was with reference to ammunition in Canada, and its character, and whether it was defective or not?—A. I knew nothing about the ammunition in Canada at all.

Q. You conducted these negotiations, did you not?—A. You have seen all I had to do with it.

Q. I am asking you if you did not conduct these negotiations. Did you know anything as to the difference in the character of the ammunition that was manufactured in the different years in the Quebec Arsenal?—A. Nothing whatever.

Q. Did you know that there was a difference between 1907, 1908, 1910, and particularly 1912 and 1913 products?—A. No, nothing at all.

Q. Then I come to the evidence that is given by the Honourable the Minister of Militia, page 4, about line 8, he says:—

"Perhaps you would allow me to explain. When I became Minister, in fact long before I became Minister, we knew that the ammunition made in the Canadian Arsenal was bad."

Did you know that fact?—A. I have already stated that several times.

Q. You did not, and as guide, philosopher and friend of the Minister of Militia, that fact was never disclosed to you.

Mr. HENDERSON: I object. Unless my learned friend desires retort, it will be advisable to refrain from that sort of thing.

Mr. DEWART: When we have the oft-repeated remark of the Minister of Militia that this gentleman was his guide, philosopher and friend—

Mr. HENDERSON: It is in evidence if he admits it, and if not it is not.

Q. Did you see at all Colonel Barlow's report, made jointly with Mr. Ogilvie, who came out from Woolwich in 1913 to look after this matter?—A. I have already answered that.

Q. I do not think I asked you that, as to whether he had seen that?—A. I have not seen any of that. That line of questions I do not know anything about.

Q. It would be impossible for me to get from you any information as to the character of the ammunition that was being purchased. You had no knowledge of it and acquired none?—A. Never saw any of it.

Q. Were you ever Vickers' agent in New York?—A. No.

Q. Did you see Sir Sam Hughes, the Minister of Militia, in New York, after you had seen General Macdonald?—A. I do not know what you mean by that.

Q. You say you have had a conversation with General Macdonald at which you discussed the question of the purchase of ammunition, that is correct, is it?—A. Repeat that.

Mr. J. WESLEY ALLISON.

Q. I understood you to say you had a telephone communication with General Macdonald with reference to the purchase of small arms ammunition?—A. Yes.

Q. And it was in view of that that you conducted your subsequent inquiries?—A. Yes.

Q. No matter for whom they were?—A. Yes.

Q. Did you see Colonel Sir Sam Hughes at all after you had had this telephone communication with General Macdonald?—A. I have already answered that.

Q. Did you?—A. I have already answered that.

By Mr. Henderson:

Q. Answer it again?—A. I have never discussed this question with General Hughes at all.

Sir CHARLES DAVIDSON: That is not the question.

The WITNESS: I have seen General Hughes probably very often since the ammunition was purchased, but never discussed the subject with him.

By Mr. Dewart:

Q. Did you in New York go to Colonel Hughes, after having seen General Macdonald, and were you sent back by Colonel Hughes to General Macdonald with reference to this matter?—A. No.

Q. The reason I ask you the question is this; that I find at page 5 of the evidence, where I am reading from the evidence of the Minister of Militia himself, the following:

“When Colonel Allison, who, I believe, is Vickers’ agent in New York, came to me, having seen General Macdonald, I told him to go back to General Macdonald and see him about it. This ammunition could not possibly be fired in Canada.”

Mr. HENDERSON: Is that supposed to have happened in New York?

Mr. DEWART: That is the way it was put here, “when Colonel Allison, who, I believe, is Vickers’ agent in New York, came to me, having seen General Macdonald. I told him to go back to General Macdonald and see him about it.” Did that take place?—A. No.

Sir CHARLES DAVIDSON: What am I to understand by your answer?

The WITNESS: I do not understand the question.

Sir CHARLES DAVIDSON: You should not answer it unless you do. You made an answer to the question. What did you mean by your answer.

The WITNESS: I understand he asked me if I discussed this with General Hughes in New York.

Sir CHARLES DAVIDSON: No.

By Mr. Dewart:

Q. If you discussed it with General Hughes, after having your telephone conversation with General Macdonald?—A. I do not remember of ever discussing it with him.

Q. You say you do not?—A. I do not remember.

Q. Did you learn from General Hughes that, as he has testified in his examination, this ammunition could not possibly be fired in Canada?—A. I did not discuss it with General Hughes.

Q. Did you learn from General Hughes that he would not allow a soldier to fire it or take it into action unless he had nothing else to fire. Did you learn that?—A. I never discussed it with him.

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Q. Did you suggest to Sir Sam Hughes that you were acting for the Vickers Company in England and that the small arms ammunition would be used for practice purposes?—A. I do not recollect.

Q. Do you know? Did you ever say that to General Macdonald?—A. I do not recollect.

Q. Did you ever say it to any person in connection with the Militia Department?—A. I do not remember.

Q. What I am anxious to get at is the suppositious report that we are led to believe was made with reference to the supposed use of this ammunition for practice purposes. Will you say that you never made such a report to any person in connection with the Militia Department here?—A. I do not recollect.

Q. Is that the best answer I can get?—A. I do not recollect.

Q. Then there are certain letters, as you are aware, that were in evidence, that were here before, showing that you wrote to General Macdonald with reference to the various orders for ammunition of this character that were or were not issued—do you recollect that?—A. Which letter do you refer to?

Q. Did you write letters?—A. You have them.

Q. I am not asking you that. I am asking you as to your recollection, whether you did or not?—A. Yes, there are letters here in this evidence.

Q. Was it you that wrote the first letter with reference to the other 236,000 rounds?—A. Yes, sir.

Q. And a subsequent letter with reference to, I think it was a million?

Sir CHARLES DAVIDSON: 750,000.

Q. I think you will find the letter on page 10 of the evidence——

Sir CHARLES DAVIDSON: I think it is page 3 at the top.

Mr. DEWART: Yes, that is the one.

Q. You wrote a letter, which appears on the top of page 3, which says:—

“I have just received instructions from London requesting me to order from you an additional 750,310 .303 Mark VI cartridges, to be shipped to the same address as referred to in my letter of September 8th.”

At that time, October 6, 1915, had you received any other information with reference to this? I mean to say as to the character of this ammunition or anything about it?—A. I do not think so, I do not remember.

Q. Without going into the details, or into the particulars of your business, there was particular attention given by you to the purchase of ammunition in other places besides Canada?—A. Yes.

Q. Were you particular to find out the character of the ammunition that you were purchasing?—A. Always bought to suit the particular rifle.

Q. But as to whether it was defective or perfect?—A. Oh, I had nothing to do with that.

Q. For whom were you acting?—A. The Inspectors always looked after that.

Q. I beg pardon?—A. That was the inspector duty.

Q. I asked you, for whom were you acting? For Sir Trevor Dawson, representing the British Admiralty in this matter?—A. I have told you already.

Q. Did you take the trouble to find out whether you were getting good or defective cartridges?

Mr. HENDERSON: He said that was the inspector's duty.—A. I have already covered all that.

Q. I am not satisfied with that?—A. I made no inquiry about it whatever.

Q. Therefore, so far as you were concerned, you did not know whether it was good, bad, or indifferent; is that correct?—A. I have already said so.

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Q. And it was not to be used for practice purposes, so far as the Vickers Company was concerned, but you knew it was to be used for the purposes of the British Admiralty?—A. I do not know anything about it.

Q. Did you not know it was being purchased for the purposes of the British Admiralty?—A. Yes, I did not understand you.

Q. Let me see a little further. Were you present during the time General Hughes was examined before his Lordship here, Sir Charles Davidson, on the 13th of May?—A. I think I was, I know I was there part of the time anyway.

Q. And you recollect a reference to the words "under suspicion" with reference to certain cartridges that had been served out?—A. I was there at the time, yes.

Q. And when he intimated that the word "suspicion" meant defective—you recollect that, do you not?—A. Yes. What is all this about, anyway?

Q. I am asking whether you recollect that, and under those circumstances, having regard to that fact, have you since the 13th of May made any inquiry with reference to the character of the cartridges that you were the responsible agent apparently for purchasing for the British Admiralty. Have you made any inquiry?—A. None whatever.

Q. Am I to take it that your relationship with the Militia Department has been largely due to the intimate personal relationship and confidence that has existed between General Hughes and yourself?—A. I did not know that there were any intimate relations.

Q. I am asking you what is the reason? You realize that there has been nobody closer to the throne in the Militia Department than yourself?—A. I do not realize that at all.

Q. You realize he takes the position, and so stated, that you were a gentleman in whom he had the greatest confidence, if I may put it in the quietest way, in regard to his knowledge of you?—A. I am very proud of my relationship to General Hughes.

Q. Am I to understand, therefore, that you never learned from General Sir Sam Hughes that the ammunition that you were instrumental in purchasing for the British Admiralty was defective and under suspicion?—A. I have never discussed it.

Q. General Sir Sam Hughes, in answer to a question by Captain Thompson, at page 8 of the evidence, the question being:

"Q. Early in 1915, I think that you said an agent of the Vickers Company spoke to you."

And so on. And the question had then arisen as to whether they would manufacture in Canada. The last sentence of Sir Sam's reply is the one I want to refer to. He said:

"Then the question having come up, it was understood that we had some defective ammunition that would be suitable for machine gun purposes."

Q. Did the representative of the Vickers firm inform you of that fact, as he had apparently discussed it with Sir Sam Hughes?—A. I do not remember. A good many things happened since that time.

Q. Then if you refer again to page 8—I am trying to find out if you will be good enough to tell me what your knowledge was with reference to the facts the Minister has testified to—he is asked, a little further down, page 8 of the testimony—

—"Did you have any further correspondence or conversation with him?" referring to the agent of the Vickers Company, and he answered:

"No, I think that their Montreal agent spoke to me, but he said it was about the new ammunition."

That would be Mr. F. Orr Lewis, would it not?—A. I do not know.

Q. Was there any other Montreal agent that you knew of?—A. I am not acquainted with them.

Q. Then Sir Sam Hughes goes on further to say:

"He spoke to me, but he does not remember speaking to me about this at all. The next time the matter came up was when General Macdonald got

the order from Colonel Allison a month later. I might point out that the reason I ordered Mark VI to be sold on my return from England was that it had been found that there was a lot of defective ammunition, Mark VI, of no use whatever at the front, and that during practice at Valcartier they had some very dangerous experiences even with the Mark III rifle, in the use of this Mark VI ammunition. Some of the boys had it pretty warm; several explosions took place, blowing blazes back around the boys' heads, and the ammunition had come to be regarded as more or less dangerous."

Did you learn that from General Sir Sam Hughes?—A. I heard the evidence.

Q. Before that, had you learned it at all?—A. No, no. I understand that this .303 Mark VI was not the proper calibre for the new rifle.

Q. Did you, at the time you had your interview with General Macdonald, after your letter of September 8th, refer to Sir Trevor Dawson as being your authority or your principal in the matter?—A. It is embodied in my letter.

Q. I am asking you whether you referred to him in your interview?—A. I do not remember that at all.

Q. You recollect that the letter of September 8th says, page 10:

"Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson."

General Macdonald was asked whether you mentioned Sir Trevor Dawson in that earlier interview. I take it that it was a prior interview. Did you?—A. I do not remember.

Q. Will you say you did not?—A. I do not remember.

Q. Will you refer particularly, if you please, to the evidence that General Macdonald has given just below the middle of page 10 of the record, in which the Counsel, I think, was Captain Thompson, and he asked the question of General Macdonald—

"Did you tell him that it was defective ammunition you were selling?—

A. I do not know that he asked me the question. He knew that himself—all Mark VI.

"He asked for Mark VI ammunition and we gave it to him."

Is that correct?—A. I have not any doubt of it, that that is what General Macdonald says.

Mr. HENDERSON: The letter says that Mark VI was defective.

By Mr. Dewar:

Q. Did you, as a matter of fact, ascertain that there was mention of a defective ammunition for sale or available in Canada?—A. No.

Q. Did you ask the Quartermaster General by telephone as to whether there was any .303 Mark VI ammunition that could not be used?—A. Yes, sir.

Q. And I understand that you telephoned to General Sir Sam Hughes at the same time that you telephoned to General Macdonald practically, and that you were referred to General Macdonald by Sir Sam Hughes? Is that correct?—A. Yes.

Q. What examination did you make, or have made, for you to find out the character of the ammunition you were purchasing?—A. None whatever.

Q. It would be incorrect to say that one of your experts came down and examined it or reported to you? Have you any experts?—A. I had no experts examine it at all.

Q. Will you refer to page 24 of the evidence, and drop down about twelve lines Sir Charles was asking about the manufacture, and you say: "I do not know where it was manufactured." Then Captain Thompson asked the question—

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"It was Mark VI, though?—A. .303 Mark VI. One of our experts went down to see it, and he found that there was only a small percentage of it that would be acceptable."

"Sir CHARLES DAVIDSON: When you speak of 'one of our experts' what do you mean?"

"The WITNESS: I mean that my own man went down to see it."

Whom do you mean when you say that your own man went down to see it?

Mr. HENDERSON: That was some ammunition in New York.

The WITNESS: That is another proposition altogether.

By Mr. Dewart:

Q. Was that Canadian ammunition you were then discussing?—A. I do not know; I do not think so. I do not know where it was made.

Q. If you say it was New York, I accept it.

Mr. HENDERSON: Read just the line above.

By Mr. Dewart:

Q. What did you say so far as the price was concerned? How did you settle the price at which the ammunition in Canada was to be purchased?—A. I did not get the price. I did not know the price until some time in the latter part of October, I think.

Q. And from whom did you get the information at that time?—A. I think it was General Macdonald.

Q. The price being what?—A. \$20, I think.

Q. Who fixed the price with the British Admiralty at which they should purchase?—A. I do not know.

Q. Did you?—A. No, sir.

Q. And you have no knowledge as to who did?—A. None whatever.

Q. And you have no knowledge as to what price was fixed with the British Admiralty?—A. None whatever.

Q. You were not here this afternoon when there was some discussion before his lordship, Sir Charles, with reference to the commission that you were entitled to receive from the account of Mr. F. Orr Lewis in New York, you were not here?—A. No.

Q. Having regard to the fact which I shall tell you, that it has been testified to that Mr. F. Orr Lewis had certain accounts in the Bank of Montreal, New York, one of which was particularly referred to as account No. 2; did you receive commissions paid from the Bank of Montreal in New York out of that account?—A. On this transaction?

Q. I did not ask you that. Did you receive commissions?—A. Not on this transaction at all.

Q. But there were commissions you did receive?—A. On other transactions in the United States.

Q. Was not the method of business this: having been introduced by Sir Sam Hughes, and having made the position for yourself that was made in Canada, you made your profits in the United States and not here?—A. I do not understand your question.

Q. I am asking you whether the only commissions you made were such as you made in the United States, after you had secured the footing you had in Canada, where you made no commission?—A. I do not understand.

Q. Yet you say you made no commissions upon any Canadian orders?—A. I have lived in the United States for thirty years, and have a very large and extensive acquaintance.

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Q. Then you needed no introduction from Canada to make good there?—A. Not in the United States.

Q. And having lived so long in the United States, there was no reason why you should not make a commission on Canadian orders?—A. I did not make a commission.

Q. Was there any reason why, having regard to your extensive connection in the United States, and the standing you had acquired there, that you should not have made profits out of Canadian orders?—A. I never thought of a commission on this transaction whatever.

Q. Do you appreciate the force of my question? Do you realize your footing in the United States, and that that is where your business chiefly rested?—A. In the United States, yes.

Q. Can you suggest a reason why, having regard to your footing and connection in the United States, you would take a commission there and nothing in Canada.—A. That is a personal matter.

Q. I am asking you?—A. It is not pertinent to this matter.

Q. Will you suggest a reason?—A. A commission was never thought of in this transaction.

Q. I appreciate that that is what you said, but will you suggest a reason?—A. No, I will not give an answer to that.

Q. You decline to do so and so far as the account is concerned that was in the name of Mr. Lewis in New York. You say the only commissions you received were on deals that were pertaining to matters arising on business in the United States and not in Canada; is that correct?—A. Yes.

Q. Have you any memorandum to show what commissions you did receive from the account of Mr. F. Orr Lewis in the Bank of Montreal, New York?—A. That is quite a personal matter.

Q. I am asking you if you had any such memorandum. The right to produce it is another matter, but I am asking you if you have any such memorandum.

Mr. HENDERSON: There is no objection to that. I think you had better mention the amount.

The WITNESS: I think Mr. Lewis paid me some \$4,000 odd dollars, I have forgotten the amount.

By Mr. Dewart:

Q. There was a statement made up between you and Mr. Lewis with reference to this account in New York, coming from the bank or other source which showed what you were entitled to receive?—A. Mr. Orr Lewis, I have no doubt, had a statement of what commissions were due me on transactions in the United States.

Q. And there is such a statement in existence?

A. I have not got one.

Q. It was a matter of such indifference to you that you did not keep it?—A. Perfectly immaterial.

Q. You made a sum of our or five thousand dollars merely?

Mr. HENDERSON: He is not a lawyer.

Mr. DEWART: If he were he might keep track of these little matters.

Q. You did not keep it?—A. I have not got a statement.

Q. Then may I take it that so far as you are concerned it would be utterly impossible for you to give us any statement with reference to any commissions that you received through or from Mr. Lewis?—A. No doubt I could procure the statement if I wanted it, but I have no desire for it. He has paid me and I am satisfied.

Q. Then had you a personal acquaintance with the Vickers House. That is a phrase with which you must be familiar. What was meant by that?—A. That is the office building in which Vickers have their business offices.

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Q. And why was Mr. Searles' name mentioned in this connection?—A. I do not remember. I have shipped a great deal of stuff from the United States to Searles, and I do not know.

Q. Apart from this transaction altogether?—A. Oh yes.

Q. I see under date of the 8th October, 1915, a reference to the shipment of "750,-300 rounds. You telegraph from Morrisburg to General Macdonald saying: "Mail account to me here." Can you suggest why that should be mailed to you at Morrisburg?—A. I wanted the account to deliver to the Bank of Montreal.

Q. At Morrisburg?—A. No, not at Morrisburg.

Q. It was deliverable in New York; that was the place where it was delivered?—A. That is where I did deliver it.

Q. When you asked: "Mail account to me here" that was simply because you wanted to be able to have it sent to Mr. Orr Lewis' account in New York?—A. I presume so.

Q. I am asking you?—A. I presume that was the reason: I do not remember the circumstance.

Q. Then were you ever appointed the Canadian representative of Vickers in Canada?—A. No sir.

Q. Can you account for how there crept into the Militia memorandum that palpable error that certain documents representing the vouchers for the payment of these matters had been passed through J. Wesley Allison, Morrisburg, the Canadian representative of Vickers, Limited, of London, England. Can you account for that?

Mr. HENDERSON: That is Colonel Macdonald's memorandum.

By Mr. Dewart:

Q. You cannot account for that?

Mr. HENDERSON: You cannot make him responsible for Colonel Macdonald.

By Mr. Dewart:

Q. I am asking you if you can recall why you should be referred to in the Militia orders, not only once but several times, as the Canadian representative of Vickers Limited?

Sir CHARLES DAVIDSON: Militia orders?

Mr. DEWART: Militia memoranda.

Q. Can you account for that? You were not posing then, were you?—A. I do not now anything about it, I do not know why.

Q. Having regard to the fact that there were certain earlier shipments of this ammunition which went forward, either to your principals or those whom you purported to represent, there was a subsequent application for two million rounds that you did not get. Do you recollect that?—A. I am not sure as to that.

Q. You recollect the circumstances that you did ask for 2,000,000 rounds, or was it just one of those little facts that escaped your memory and recollection?

Mr. HENDERSON: Where is that?

Sir CHARLES DAVIDSON: Page 28 of the return.

By Mr. Dewart:

Q. I do not think it is referred to in your evidence before. Do you recollect the circumstances that there was an extra 2,000,000 you asked for and did not get?—A. I do not remember just now.

Sir CHARLES DAVIDSON: You might show the letter to him.

Mr. DEWART: I will do so. Page 28 of the Parliamentary return.

Mr. HUTCHESON: That is evidently a telegram dated December 8, 1915.

Mr. J. WESLEY ALLISON.

By Mr. Dewart:

Q. You recognize that, do you not, as a copy of a telegram that was sent?—A. It is possible, I should like to see the original.

Q. I cannot give you it. This is part of the Parliamentary return of which this is a duplicate. Do you doubt its accuracy?—A. No, I do not.

Q. Do you recollect the circumstances that you did apply for two million rounds that you did not get?—A. It is quite possible, I do not recollect the circumstances.

Q. Do you not recollect that as a distinct fact?—A. I do not recollect the circumstances in connection with it.

Q. Well, the fact that you did not get the 2,000,000 rounds that you asked for, as lately as December—has that escaped your memory?—A. I do not recollect it at all.

Q. Look at the telegram I gave you?—A. It is quite possible it is correct.

Mr. HENDERSON: I think there is a misapprehension. I think he got it, and Mr. Hutcheson agrees with me that he got the amount in December, short the 14,000 rounds. That is our understanding. I understood he got it all. There were three orders referred to by Colonel Macdonald at page 19.

Sir CHARLES DAVIDSON: If you read the recommendation as to the Order in Council, you will see that it amounts to 4,999,000, covering the first three million and the two million. Is that your view of it?

Mr. DEWART: Yes. The first voucher was for 236,000 of the 750,000 asked for, and then two million rounds asked for and a shipment of 1,999,000 odd, and then after that Colonel Allison on the 18th December applied for two million-rounds, which I am suggesting to him he did not get.

Q. Do you recollect that application?—A. I have no doubt I made it but I do not recollect the circumstances.

Q. There is a separate application for this 2,000,000.

Mr. HUTCHESON: That was supplied on the 26th December according to the return.

Mr. DEWART: If I may put it on the notes as it is in the precis, on the 11th of November Colonel Allison asked for a million rounds, which he asked to have increased to two millions, and which was authorized to be issued and which was issued at 1,999,800 rounds, and sent on the 26th November, 1915. That is shown on page 13 and 14 of the original return.

Sir CHARLES DAVIDSON: Yes, it is obvious that at the date of this wire; December 18th, three million rounds had already been delivered.

Mr. DEWART: And an additional request was made for two million.

Sir CHARLES DAVIDSON: And that this would have made up a total of 5,000,000 rounds—

Mr. DEWART: The amount in round terms, for which the minister afterwards asked the authority of the Governor in Council, asked for an Order in Council—

Sir CHARLES DAVIDSON:—which would have covered the 3,000,000 already delivered and the additional 2,000,000 sought for by the telegram of December 18th.

Mr. HENDERSON: Obviously you are right, but page 133 of the parliamentary return appears to give the latter date.

Mr. HUTCHESON: That is the 26th November.

Mr. HENDERSON: Yes, I was wrong.

Mr. DEWART: I am asking you whether when you asked for the additional shipment that I referred to of two million rounds of ammunition, whether there was any understanding on your part with the Minister of Militia as to the character of the ammunition that you were then going to get. I will read you the telegram.

Mr. J. WESLEY ALLISON.

The WITNESS: I have never discussed it with the Minister of Militia at all.

Q. I will read you your telegram under date December 18th to General Macdonald, the Quartermaster General:

"Can you ship our friends London"

The emphasis on the "our"—is mine.

"Two million more .303 Mark VI. General Hughes is here and approves, but requested me to write you."

That is signed J. Wesley Allison. Do you recollect sending that message?—A. I have not any doubt but what I have sent it.

Q. Is the matter of the ordering of two million rounds of ammunition such a small affair in your life?—A. Quite so.

Q.—that you are oblivious to the fact that it ever happened?—A. Quite so.

Q. You have no recollection of the conversation with the minister?—A. I do not remember the conversation at all.

Q. You have no recollection of the circumstance that Sir Sam Hughes is mentioned in the telegram as approving, but insisted that you should write the Quartermaster General?—A. None whatever.

Q. Have you since learned, or has it come to your knowledge, that the application of the minister, to which you refer in your telegram, for such an order in council as would cover the two million extra rounds has not yet passed?—A. I do not know anything about it.

Q. I thought it might occur to you as a matter of importance, having regard to the inquiry. You were anxious to get the ammunition on the 18th of December, were you not? A. I do not remember the circumstances at all.

Q. You have no recollection. Do you not recollect meeting Sir Sam Hughes in New York at that time?

Mr. HENDERSON: Shortly before Christmas.

Mr. DEWART: He knows the 18th of December is a week before Christmas. My learned friend does not need to assist so brilliant a witness.

The WITNESS: I do not remember the date at all.

Q. Shortly before Christmas, do you not recollect the circumstance that you asked for 2,000,000 more of Mark VI ammunition?—A. I have not any doubt I asked for it.

Q. I want to get your recollection with reference to the circumstance?—A. I have given you all the answer I can.

Q. And that you had discussed it with Sir Sam Hughes in New York?—A. I do not remember.

Q. And that you sent this wire. Do not remember you did not get it? Probably that will bring it back to your failing recollection. You remember the circumstance that the two million extra rounds of ammunition was not issued?—A. There was no reason why they should—

Q. Do you recollect the circumstance you did not get it?—A. Not at all.

Q. Sometimes we remember the things we do not get better than the things we do get?—A. I have no recollection at all.

Q. You have not even learned since that the reason you did not get it was because the order in council for this issue was refused. You have not learned that since?—A. I answered that a few minutes ago.

Q. And you have not learned that the ammunition you would have got under that order was the rejected ammunition of 1907 and 1908? Please answer: you have some knowledge of these affairs?—A. I have answered that about ten times.

Sir CHARLES DAVIDSON: Where does that appear? Where does the fact that this 2,000,000 if delivered, would have been of 1907 ammunition?

Mr. J. WESLEY ALLISON.

Mr. DEWART: It was the only ammunition I could find that was left. The Colonel had assimilated the ammunition of 1912 and 1913 and the defective ammunition of 1910 had gone to the Northwest Mounted Police in January, 1916, and upon my reading of the record I can only find the 1907 and 1908 ammunition that was condemned in existence then.

Sir CHARLES DAVIDSON: If you were a witness, I would say: "Read the question to the witness, and let him answer." Where is it disclosed that had this two million rounds been delivered, they would have been 1907 and 1908?

Mr. HENDERSON: The report is, that there is available in Ordnance charge this amount of ammunition.

Mr. DEWART: The report at page 30 refers to this application which the Minister O.K.'d, as my learned friend points out.

Sir CHARLES DAVIDSON: My observation is that there was no 1908 ammunition delivered at all to the Vickers.

Mr. DEWART: Quite so, my lord. They did not get it. I am taking it from the return, page 40 of the first parliamentary return, which gives, as you will remember, the details from 1908 to 1913. However, the question is not of importance because the witness says he does not remember.

Q. Were you frequently at Ottawa during the month of December, 1915?—A. I do not know whether I was here or not. They would know at the hotel.

Q. May I go back to the question about the two million of ammunition which you were endeavouring to get on December 18, and try and impress your lagging memory. The telegram says:—

The telegram says:—

General Hughes here and approves, but requested me to write you.
You do not recollect that?—A. No.

Q. May I call it to your attention in this way: a further telegram was sent from Morrisburg, December 20, 1915, and addressed again to General Macdonald, Quartermaster General: "Please wire answer Morrisburg my telegram regarding two million more." Do you remember that?—A. I do not remember. It is quite possible I sent it.

Q. Do you realize that the fact that the last two million rounds of ammunition was not authorized to be issued to you, is one of the circumstances that has led to this inquiry?—A. What is that?

Q. Do you realize that that is one of the circumstances that has led to this inquiry?—A. I do not know what led up to this inquiry.

Q. Did it occur to you to inquire at all as to why that last two million rounds of ammunition had not been issued?—A. I do not remember anything about it; I was ill in December and I have been away nearly all winter.

Q. And doing no business in December of any kind?—A. Oh, yes, but very little.

Q. And you can give me no suggestion that there were any other letters passed between you, and telephone messages between you and anybody else here at Ottawa, to find out why the two million rounds of ammunition you had asked about on the 18th of December, and inquired earnestly about on the 20th of December, had not been issued. Why did you not follow it up?—A. I do not remember anything about the transaction.

Q. Can you suggest why you did not follow it up and suggest why you did not get the extra two million?—A. I can give you no information about it whatever.

Q. You realize that there is a sudden abyssmal gap between your early transactions and the one of the 18th December?

Mr. HENDERSON: The gap had naturally been closed.

By Mr. Dewart:

Q. Do you realize that there is a sudden break? I want to know whether you found out what the character of the ammunition was, or why it was not given you, or anything about it?—A. I do not know anything about the ammunition.

Q. And you have not yet learned that we had defective ammunition in Canada? I mean from any authentic source except myself? Have you learned it from any more authentic source than myself?—A. I have answered that about four hundred times already.

Q. Perhaps four times. Have you yet learned anything with reference to the character of the ammunition that you were buying?—A. Yes, this investigation has disclosed a lot of things.

Q. I hope it has disclosed something?—A. It is a mighty good thing for the Germans.

Q. Better hold your horses. Did you say it was a mighty good thing for the Germans—this investigation?—A. This kind of information should not be gone into at all.

Q. We should not find out what profits are made or whether profits are made on Canadian war supplies?—A. Why don't you ask that question? If you are after that information, I made no profits whatever on this transaction, directly or indirectly.

Q. And you produced no statement showing any of your affairs in New York or your dealings?—A. I will furnish no statement whatever about my American business.

Q. Or to show where we may test the accuracy of your information by the statement?—A. Mr. Orr Lewis has given you the information and it is perfectly correct.

Q. His memory is like yours?—A. His information is absolutely correct. I have not the slightest doubt.

Q. I am asking you, would you produce to the Court in its official capacity, so that the Court could judge what you got out of that transaction from Mr. Lewis?—A. I do not know what Mr. Lewis' evidence was but I am here to confirm every statement he made in the transaction.

Q. Every statement he made that you did not hear?—A. I have no doubt every statement he made is absolutely correct.

Q. Will you let us have your copy of the statement showing the profits you did receive from the F. Orr Lewis account No. 2 in the Bank of Montreal, so that the Court may judicially observe them, and say whether your money is accurate as to whether you did or did not earn the Canadian commissions?

Mr. HENDERSON: He was simply paid without any statement being furnished.

By Mr. Dewart:

Q. Probably you will now remember there was no statement. Was there or was there not?—A. I have answered it.

Q. Was there?—A. No.

Q. You were paid by cheques from time to time?—A. No.

Q. How?—A. Paid by Mr. Lewis.

Q. By cheques?—A. Or on his authority.

Q. By cheques from time to time?—A. I do not know whether it was cheques or not.

Q. In one sum?—A. I do not think Mr. Lewis ever gave me a cheque.

Q. How did you get it?—A. He gave me the money.

Mr. HENDERSON: Real money.

By Mr. Dewart:

Q. Cash?—A. Yes.

Q. Any bills?—A. Yes, United States bills.

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Q. This is a peculiar transaction. You mean to say he gave you real money, United States currency, to pay you your commission. Is that the way it was paid?—
A. He paid me in cash.

Q. And there is no account or rendering of account or receipt passing between you?—A. Not necessary.

Q. I am not suggesting that it was. The confidence that existed between Mr. Lewis and yourself was such that it had to be paid in cash?—A. Mr. Lewis paid me in cash.

Q. Bills?—A. Yes.

Q. Personally, paid you the full amount of your commission upon American business; is that right?—A. Yes, of course.

Mr. DEWART: That is all I desire to ask the witness.

Sir CHARLES DAVIDSON: Have the other Counsel any questions to ask?

Mr. HENDERSON: No.

Mr. HUTCHESON: No.

Sir CHARLES DAVIDSON: Had you any knowledge whatever of the use to which this ammunition was to be applied?

The WITNESS: No, sir.

Sir CHARLES DAVIDSON: Did you on any occasion handle any of the funds which went for the payment of it?

The WITNESS: No.

Sir CHARLES DAVIDSON: Can you inform the Commission why there was this change of place of payment from London to New York? Because on the face of the documents it appeared an arrangement had been come to to pay in London?

The WITNESS: Yes, that was the original request from London to have it paid in to the Receiver General at London, Bank of Montreal at London.

Mr. DEWART: Request?

The WITNESS: I think that was the original arrangement, and I do not remember just why it was changed.

Sir CHARLES DAVIDSON: Have I understood you to state as to whether or not you received any profit on this transaction?

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: Or anything in the form of commission?

The WITNESS: Not a cent.

Sir CHARLES DAVIDSON: Or benefit direct or indirect?

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: Have you the hope of any?

The WITNESS: None whatever.

Sir CHARLES DAVIDSON: In view of the statement of the witness that this commission of four or five thousand was paid, might it be possible now to secure any knowledge of the transactions on which this commission was paid?

Mr. HENDERSON: I understand that that raises the same old question of possible complications. There will be no objection in the world to witness and Mr. Orr Lewis either jointly or separately giving you that information, and I have no objection to give it to my learned friend, Mr. Dewart, on the understanding that it will not be published. There is no objection to my learned friend, Mr. Hutcheson, getting it.

Mr. DEWART: Oh no.

Sir CHARLES DAVIDSON: Am I to understand that you exclude Mr. Hutcheson from your confidence?

Mr. HENDERSON: No. I happen to know, and I can assure you it is not desirable that that information should be stated. In fact there is a particular reason why it should not be stated.

Mr. DEWART: I am quite content with my learned friend's statement that Mr. Hutcheson and myself should be made acquainted jointly with the fact, and I assure my hon. friend I shall observe the very strictest professional etiquette with regard to any statement he so submits.

Sir CHARLES DAVIDSON: I am glad this agreement has been arrived at because I think it is in furtherance of the public interest that this knowledge should be given in this way, and then dealt with as propriety may dictate.

Mr. HENDERSON: We will then be subject to your lordship's direction. I may say you will thoroughly appreciate the reason.

Sir CHARLES DAVIDSON: Will that information be delivered now or later?

Mr. HENDERSON: At this moment to my learned friend. (Counsel confer.)

Mr. DEWART: My learned friend has satisfied me as to the bona fides of his intention that he will give everything his client imparts to him. I may say that when the inquiry opened I did not appreciate quite what its scope would be, and it has perhaps developed into lines of thought that were entirely different to what any of us could conceive. The existence of the necessities of the Admiralty and the exact position in which this particular matter stood, was one that I do not think anybody could have understood from the speeches in Hansard on either side of the House, and I regret to say that before the inquiry opened I had undertaken a rather important professional engagement in Winnipeg, for which I expected to leave last night, and if under these circumstances, with my learned friend's kind concurrence it would be possible to adjourn the inquiry as I suggested for a fortnight, I feel quite sure in the meantime any inquiry necessary to be made as to the position of matters in England, and as to the position of matters in New York, could be made, and perhaps the inquiry could be terminated in one sitting, and if I can ask for the grace of the Court under those circumstances, I may say I believe I am authorized to act for the Liberal party in the matter.

Sir CHARLES DAVIDSON: That was my first information in definite form as to why you were here.

Mr. DEWART: I recognize I have my limitations, in view of the remarks the Prime Minister made at the time it was suggested Counsel might be appointed.

Sir CHARLES DAVIDSON: It is noted that you appear here on behalf of the Liberal party.

Mr. DEWART: It may be a fruitless brief, but at the same time that is my position, and if my learned friend consents to an adjournment for a fortnight, I am agreeable. I have to ask my learned friend's kind indulgence as a brother practitioner, in view of my engagement.

Mr. HUTCHESON: I appreciate the need of some adjournment, and while I am not consenting to an adjournment for a fortnight, I am not objecting. It was suggested by the Auditor General that a statement be procured from the Manager of the bank in New York. We had a further suggestion that some statement be procured from the Admiralty. If the latter suggestion was carried out it would obviously take some time before we could proceed. We are here to offer any opportunity to my learned friend and the people he represents, whom we now learn he represents, to delve into this matter as deeply as may be, within reason, and we do not want to tie him down in any way. We are ready to submit to him for cross-examination any or all the witnesses who were examined in chief prior to his connection with the case. Some of these he has had an opportunity of examining, and others he has not had an opportunity of examining at all. We want to give him every facilities to go into these

Mr. J. WESLEY ALLISON.

matters, but consistently with that of course I urge despatch in the closing of the work of this Commission. I am glad to hear him say he thinks one sitting may close it, after he procures the information he suggests. Colonel Harston is to be here on the occasion of our next meeting, whenever that may be.

Mr. HENDERSON: Might I say, it occurs to me that there might be, probably would be, a reason why the Admiralty as such should not make the statement, but might I ask Mr. Dewart if a statement from Sir Trevor Dawson would be of any assistance to him? I should think that would be readily obtainable—I trust I am not being taken too liberally by any reporter—but perhaps the official of the Admiralty might not care to say too much.

Mr. DEWART: Perhaps that had better be the subject of a conference in the meantime.

Sir CHARLES DAVIDSON: Having in remembrance, Mr. Dewart, the fact that, while sitting at Victoria I could not permit the appearance of Mr. Taylor on behalf of the Liberal Association of that province, on the ground that Mr. Thompson fully represented the interests of the public, it was proper for me to state the facts and circumstances in connection with this matter, and the debates which took place in Parliament, and I welcome your assistance with pleasure. I might also add that in so refusing Mr. Taylor in Victoria I begged him to remain and assist, if he could, Mr. Thompson in the discharge of his duties.

With respect to the adjournment, Mr. Hutcheson refuses to acquiesce, but does not strenuously object. In a professional sense, that means that he consents. Let the adjournment be had say, until a fortnight from next Monday. That will be the 12th of June, say at two o'clock in the afternoon. I see no public interest that will be in any way endangered by granting the adjournment.

The Commission adjourned until Monday, the 12th of June, at 2 o'clock in the afternoon.



ROYAL COMMISSION.

QUEBEC, Friday, June 9, 1916.

PRESENT:

The HONOURABLE SIR CHARLES DAVIDSON, Knight, *Commissioner*.

J. A. HUTCHESON, K.C., *Counsel to assist the Commissioner in the Inquiry*.

S. W. JACOBS, K.C. (in the absence of Mr. HARTLEY DEWART, K.C.),
Counsel for the Liberal Party.

JOHN FRASER, I.S.O., *Auditor General*.

THOMAS P. OWENS, *Clerk of the Commission*.

At the sitting of the Commission:—

Mr. JACOBS, K.C., presented to the commissioner the following letter which was read:—

OTTAWA, June 7, 1916.

"DEAR SIR CHARLES DAVIDSON,—I am informed by Mr. H. H. Dewart that a witness summoned to appear before your Commission is to leave for England and that, therefore, he would be examined to-morrow at Quebec.

"Mr. Dewart informs me that it is absolutely impossible for him to attend, and asked me to have some one take his place.

"I have asked Mr. S. W. Jacobs of the Montreal Bar to act in Mr. Dewart's absence, and he has consented to do so.

Believe me,

Yours very sincerely,

WILFRID LAURIER."

Sir Charles Davidson, Ottawa."

SIR CHARLES DAVIDSON: We are very glad that you are here to give us your assistance in the inquiry, Mr. Jacobs.

MR. JACOBS: I have been detached from the army of counsel in Ottawa before the Meredith-Duff Commission, and I am acting as a flying column here to-day for the examination of Colonel Harston.

SIR CHARLES DAVIDSON: And in neither case are you a bomb-thrower.

MR. JACOBS: I hope not.

MR. HUTCHESON: I regret not having Mr. Dewart with us to-day, but I am sure we are delighted to have Mr. Jacobs here. Mr. Dewart's mantle has fallen on worthy shoulders. I suppose, sir, that the reason for the Commission sitting in Quebec is set out in the letter which was read from Sir Wilfrid Laurier.

Sir CHARLES DAVIDSON: I do not think so.

Mr. HUTCHESON: I learned from you on Saturday afternoon at a late hour, that Colonel Harston had been suddenly ordered overseas on very important business, and that it was desirable to have his evidence taken at Ottawa last Tuesday. I unfortunately found myself so tied up with assize court work that I could not at such short notice possibly make my arrangements to be present at Ottawa on Tuesday, and the very best that I could arrange was to be here to-day. I am sorry if it has caused the Commission any inconvenience, but at all events it was the best I could do. Now that we are here I am sure that we will get along very nicely.

Colonel C. GREVILLE-HARSTON, Chief Inspector of Arms and Ammunition for the Dominion of Canada, sworn:

By Mr. Hutcheson, K.C.:

Q. How long have you held your present office?—A. Since 1908.

Q. And prior to 1908 were you not connected with the Ordnance Department of the Militia?—A. No, I was employed two years at Woolwich, and Enfield some years ago.

Q. But not in connection with the Canadian Militia Department?—A. No.

Q. Can you tell us when the Canadian Militia commenced the manufacture of small arms ammunition?—A. No, sir, I cannot; I know they were making it in 1885, and it must have been before that.

Q. We have been informed in the course of the evidence hitherto taken that the different issues of cartridges are called Mark VI, Mark VII and so on?—A. As they get a new rifle they have to have new ammunition, and it must have been somewhere about 1890 that we got the Lee-Enfield rifle, and then we had to adopt a new ammunition, and the first lot was called Mark I, then came Mark II, Mark III, and so on, and the final ammunition up to 1911 was called Mark VI ammunition. That is what was being made from 1907 to about 1911 was called Mark VI ammunition. It was a round bullet. Then in 1912 they began to make Mark VII.

Sir CHARLES DAVIDSON: And precedently to 1907?

Mr. HUTCHESON: I take it that it was another mark.

Colonel HARSTON: Yes, it began at Mark I and went on up.

By Mr. Hutcheson:

Q. The mark denotes the series, or as my learned predecessor in the case calls it, the vintage?—A. The mark denotes some alteration in the pattern or some change in the cordite. Mark VI has a round-nosed bullet-like end and filled with a certain size of cordite of solid strings. Mark VII has a pointed bullet and has tubular cordite. Every strand of cordite has a fine hole right through it so as to bring on quicker combustion.

Q. Have you a pattern of a Mark VI bullet with you?—A. No, the one I have here is in the form of a pencil, it is a pencil set in an old Mark VI cartridge.

Q. As to the Ross rifle now in use, how many series of ammunition have been manufactured?—A. Under the convention with Great Britain the Ross rifle has to take the same ammunition as the Lee-Enfield; whatever mark is used in the Lee-Enfield we use in the Ross rifle, it makes no difference.

Q. Is the Ross rifle called by different marks?—A. Yes, but the rifle marks have no relation to the ammunition marks.

Q. The ammunition now being used in the Ross rifle is called what?—A. The ammunition that is being made now for us both here and in England and in the United States is called Mark VII.

Col. C. GREVILLE-HARSTON.

Q. And the Ross rifle now being manufactured and used is called what mark?
—A. It is Mark III, and the bayonet is Mark II. Every different part is called according to what change is made; when they make a change they call it another mark.

Q. Where is the ammunition manufactured?—A. Some of it, about half a million a month, is made by the Dominion Arsenal here.

Sir CHARLES DAVIDSON: Is it advisable to give these figures?

Mr. HUTCHESON: I do not know.

Sir CHARLES DAVIDSON: I mean, is it advisable to make this information public.

Colonel HARSTON: I do not think so. We have inspectors and examiners all over the country, wherever the ammunition is being made. I have officers in charge at different plants all over the country who work under me, according to my orders.

Mr. JACOBS: It might be well if any information of this nature is given, that the press be asked not to make it public.

Sir CHARLES DAVIDSON: It struck me that Colonel Harston's description of the details of Mark VII ammunition ought not to be made public, and that it is not necessary to any question before us that it should be given in evidence.

Colonel HARSTON: The nature of the ammunition is dependent on the composition of the cordite. May I remark that the ammunition which I understand you are inquiring into is the old Mark VI ammunition, which is now obsolete.

By Mr. Hutcheson:

Q. You have told us that from 1907 to 1911 they were manufacturing Mark VI ammunition?—A. Yes.

Q. What mark was manufactured in 1912?—A. In 1912 they made Mark VI up to the end of the year, and then they began to make Mark VII. They were getting ready to make Mark VII ammunition in 1912, and they began to make it about September or October.

Q. So that practically the manufacture of Mark VI ammunition covered the period from 1907 to 1912?—A. Practically.

Sir CHARLES DAVIDSON: I thought you said you ceased manufacturing it in 1911.

Colonel HARSTON: Yes, sir; but they were preparing to make Mark VII in 1912, getting the tools and jigs ready and getting the cordite made.

By Mr. Hutcheson:

Q. You say they continued to manufacture Mark VI until the end of 1911?—A. Until September or October, 1912. We got the first of Mark VII in for proof in October or November.

Q. So that practically, until the end of 1912, they continued to make Mark VI ammunition?—A. Yes, sir.

Q. And not up to the end of 1911?—A. Precisely.

Q. We have been told that this Mark VI ammunition proved more or less defective?—A. Yes.

Q. And you became actually connected with the work in 1908?—A. Yes, sir.

Q. Will you tell us what your observation was in that regard?—A. When I first started on inspection work I found that none of the ammunition would gauge. It was not made to correct gauges, and I drew the attention of the former Minister of Militia to it by making a drawing of the size of the cartridge four times enlarged, in order to show the difference, and I sent him the drawing showing him the difference between the actual size of the cartridge and what it should be and pointing out that I found it all wrong.

Col. C. GREVILLE-HARSTON.

Q. When you say that it would not gauge, do you refer to the bullet alone or to the cartridge case?—A. The whole thing would not gauge.

Q. Every part of it?—A. Every part of it.

Q. It would not gauge?—A. It would not.

Q. Does that refer to all of the output or to certain specimens of it?—A. It refers to all of the output, none of it was true to gauge.

Q. What was the cause of that defect?—A. Bad workmanship.

Q. It had nothing to do with the machinery?—A. The tools and punches were wrong.

Q. The machinery was defective?—A. We call the lathe the machinery, but we do not call the tools you use on the lathe machinery; it was the tools that were defective, not the lathe.

Q. Was it your duty to take steps to correct these difficulties?—A. Yes, it was.

Q. And I suppose you did take whatever steps you thought were best to that end?—A. Yes. When I came back after establishing the Inspection Department on what I considered a proper footing, I went to England and spent some time at Woolwich to see what system of inspection was in vogue there, to see that I was running on the same —.

Sir CHARLES DAVIDSON: Do you think it is necessary to go into this, Mr. Hutcheson?

Mr. HUTCHESON: Not unless Your Lordship wishes. It is important to ascertain when he did begin to take steps to correct the trouble and whether it was prior to 1910.

Sir CHARLES DAVIDSON: That can be ascertained without going into details.

By Mr. Hutcheson:

Q. When did you begin to take steps to correct the difficulties that manifested themselves?—A. In 1909.

Q. Would the effect of the measures which you took show in the manufacture of 1909?—A. No, they took no notice of it.

Q. You mean they took no notice of your efforts?—A. They took no notice until 1913; it did not come into play until 1913, when they got a new superintendent at the Arsenal.

Q. What is his name?—A. The present superintendent is Lieut.-Col. Lafferty, and since he took hold the ammunition has been very good.

Q. He took office in 1913, did he not?—A. Yes, in 1913. It was late in 1913, I think, in September; at all events it was after June, 1913.

Q. So that no improvement took place from the time you made your first inspection until 1913?—A. No.

Q. Did the manufacture from year to year vary in its imperfections?—A. Yes, it varied.

Q. How?—A. In some of it the cap chamber was punched out instead of being true, it was on one side.

Sir CHARLES DAVIDSON: Do you wish this evidence?

Mr. JACOBS: Not at all.

Mr. HUTCHESON: You want of course the fact that the imperfections varied from year to year, and that in some years the cartridges were better than in others.

Sir CHARLES DAVIDSON: That statement being made it suffices.

By Mr. Hutcheson:

Q. Can you tell us which years were better or worse than others?—A. 1908, 1909, 1910 were very bad, but we did not discover 1910 was as bad until we began to have

Col. C. GREVILLE-HARSTON.

accidents, and then we found that the fault was in the over-carbonization of the nickel; that was what caused the accidents and made it dangerous.

Q. The Barlow report which is in evidence was made on the 13th of June, 1913?—A. Yes.

Q. The 1910 output was tested as a basis of that Barlow report?—A. It was tested amongst the others.

Q. Did you say that in addition to the test made to make up that Barlow report, there have been additional tests of 1910 cartridges?—A. It was all to come back to us to be reinspected and reproofed. The 1910 had not reached us. It went out to be used, and it began to develop accidents, and I advised it being withdrawn as dangerous.

Q. I do not quite follow that, but I see by the Barlow report, page 46, that there was a recommendation that all cartridges made prior to 1908 should be destroyed, and these subsequent to 1908 should be ringed?—A. Ringed and re-inspected and reproofed, and the cartridges were all in the Ordnance stores and they turned them over to us by degrees, and we ringed them and reproofed them and reinspected them.

Q. How long after the date of the report did you begin the ringing?—A. We began it, let me think—it must have been in the beginning of 1914; no, the Barlow report was in June, 1913, it was after the following new year, it was in 1914.

Q. And early in 1914, you began ringing?—A. Yes.

Q. And in ringing them did you take the issues from year to year in chronological order?—A. I did not have charge of the ammunition, the Ordnance stores have it and as they send it in we inspect and ring it and reinspect and reprove it.

Q. Is there an ordnance store in Quebec?—A. Yes, there is one in every division.

Q. And so far as you are concerned you only did the ringing of what ammunition was sent to you by the ordnance stores?—A. Exactly.

Q. What years' ammunition did they send you to ring?—A. It is stated in the memorandum I gave you, and I should like to refer to it for a moment. First of all, they gave us the ammunition of 1908 and we ringed the whole of it, and we passed 467,500 as serviceable, and condemned as dangerous 149,600.

Q. Out of a grand total of what?—A. 617,100.

Q. So that about twenty-five per cent of the 1908 ammunition was bad?—A. Yes.

Q. Then the next lot they gave you was the 1912?—A. Yes, and we found serviceable 1,274,000 and condemned as dangerous 12,100.

Q. That was less than one per cent that was condemned?—A. Yes. Then we had also ringed 140,800 but we had not inspected and reproofed it.

Q. You did not inspect it subsequent to the ringing?—A. No, when the war broke out we had to stop.

Q. You stopped the ringing because the war broke out because there were other things that must be done?—A. Yes.

Q. I gather from what you told us that none of the 1910 ammunition was given you to be ringed?—A. No. It was to have come in, but owing to the war it did not; the ringing of that was not very necessary, but it was the proving of it that was more necessary, because the nickel of the bullet got over-carbonized and that caused accidents.

Q. In your experience did the ringing improve the ammunition as regards safety?—A. Yes, as far as the blow-backs went.

Sir CHARLES DAVIDSON: Was it absolutely safe then?

COLONEL HARSTON: No, sir, but as far as blow-backs went it closed in where the cap chamber had got punched crooked; it was not absolutely certain.

Sir CHARLES DAVIDSON: My observation of the evidence is that it was not certain.

The WITNESS: No, sir. Without the proof the ringing was no good. It wanted the proof and inspection.

Col. C. GREVILLE-HARSTON.

By Mr. Hutcheson:

Q. Mere ringing would not insure the safety of the ammunition?—A. Oh, no.

Q. Then, turning to another branch of the subject, I take it from what has been stated previously in evidence, that ammunition deteriorates with age?—A. Yes, the text book shows that.

Q. You may refer to the standard text book and give us your own opinion on the matter?—A. It begins to deteriorate from the day it is made. I have here a text book which is a treatise on ammunition, 10th Edition, 1915.

Q. By whom is that book written?—A. It is the official War Office book. It says:

Stability of Cordite: Cordite is not a thoroughly staple substance. It begins to deteriorate from the day it is made, and if kept long enough it will eventually ignite spontaneously.

Sir CHARLES DAVIDSON: How rapidly does ammunition age?

Colonel HARSTON: It depends on the climate, the temperature.

Sir CHARLES DAVIDSON: Here in Canada, how rapidly does it age?

Colonel HARSTON: It depends whereabouts in Canada you have it. Ammunition should be examined every year, it should be examined once a year.

Sir CHARLES DAVIDSON: Does that apply to Mark VI ammunition?

Colonel HARSTON: Yes, it applies to everything; it is all cordite.

Sir CHARLES DAVIDSON: Tell us your experience of ammunition in Canada, when would you consider that ammunition became useless because of age?

Colonel HARSTON: After eight years. Even if it was good ammunition at the start, I would not wish to issue it at all after eight years without thoroughly retesting it, but if the boxes in which it is contained are not sealed up tight it is gone.

Sir CHARLES DAVIDSON: After eight years, you would not depend on it?

Colonel HARSTON: Sometimes after two years it is gone; you cannot tell without examining it and testing it.

By Mr. Hutcheson:

Q. You would not be prepared to express an opinion as to the average life of a cartridge with cordite as a basis, in Quebec?—A. If it is hermetically sealed so that no damp or air could get in, I should say that the ammunition would keep eight years.

Sir CHARLES DAVIDSON: You would not be disposed to apply that observation to Mark VII.

Colonel HARSTON: I would apply it to any ammunition.

Sir CHARLES DAVIDSON: You say that Mark VII would last for eight years?

Colonel HARSTON: If it is hermetically sealed, a good deal depends on that. The cartridges are packed one thousand in a box, and the box is tin-lined or zinc lined and sealed. A great deal of this ammunition was packed in boxes without any tin lining and went bad in no time. The Arsenal had orders from Headquarters to do it—and they did it.

Sir CHARLES DAVIDSON: What is that?

Colonel HARSTON: They had orders to pack it without any tin lining in the boxes.

By Mr. Hutcheson:

Q. From whom did the order come?—A. I cannot tell you.

Q. Was it before your time?—A. It was. I had nothing to do with the packing, certainly, or I would not have packed it that way.

Col. C. GREVILLE HARSTON.

Q. Can you tell us when they did begin to pack the cartridges properly?—A. The packing was turned over to me finally in 1913, and since then I have done the inspection and packing.

Q. Then, following this along—have you had any personal experience of your own knowledge of the actual effect of the use of this defective ammunition?—A. Oh, yes, lots of it.

Q. That came under your own observation?—A. Yes. Colonel Morrison and I tried some out of the 1910 ammunition with a machine gun and from one box of it the flames came out at the back as high as that table there.

Q. When was that test made and in what year?—A. I was made in 1912 with the ammunition of 1910 and 1908 both.

Q. The ammunition of the years 1908 and 1910 was tested by you?—A. Yes.

Q. Was it since the Barlow report?—A. Yes, it was since the Barlow report.

Q. When was the test made?—A. In the autumn of 1912 or in the beginning of 1913, I do not remember which.

Q. Putting it on a percentage basis, can you tell us what percentage out of the entire lot you tested to ascertain its condition?—A. I do not know how much there was in the Ordnance stores; I cannot tell. We simply took a box of it, 1,000 rounds of each. We have rules in the Inspection Department, we take a lot of 2,000 and if we find one burst in any 2,000 we condemn the whole thing as dangerous.

Sir CHARLES DAVIDSON: Is this evidence necessary?

Mr. HUTCHESON: I submit, sir, that the witness should be asked what number of cartridges were defective in this 2,000 rounds he did test, so that we can get some idea of the extent of the trouble.

Sir CHARLES DAVIDSON: Very well.

By Mr. Hutcheson:

Q. Out of the 2,000 rounds you did test how many did you find defective?—A. There were so many we did not keep count of them, we condemned it as all bad.

Q. Did you complete the test of the whole 2,000 rounds?—A. I cannot tell you whether we fired every cartridge. we fired a great many, we were using them in a machine gun.

Q. Is that the only additional test that was made, so far as your knowledge goes, of the 1910 cartridges?—A. In my presence, yes, but I get reports from all over Canada, of everything that takes place.

Q. It is information we are after; may I ask you about some of these reports—have you received reports recently?—A. Every accident that occurs whether in the ammunition or in the rifles comes to me, and I call the sub-committee together and we consider it and make a report to Ottawa.

Q. Do you get these reports in writing?—A. Yes, generally.

Q. Where are these reports?—A. They are filed in Ottawa; they are returned to Ottawa with our report on the whole thing.

Q. With which official are they filed in Ottawa?—A. We send them to the Secretary of the Small Arms Committee,—A. G. Lewis.

Q. You have not these reports here?—A. There is a list of the different reports made by us and the examination. You have that report in your possession. These are all reports of accidents on that file and what occurred.

Q. These reports are fifteen in number and each one of them, is a report made to you of accidents?—A. Each one is our report on the accident.

Q. These accidents were in turn reported to you?—A. Yes, when there is an accident they pick the rifle out and the ammunition and send it straight to us.

Q. This list does not show of what year the ammunition was?—A. Yes it does. It is 1910 ammunition.

Q. It is all 1910 ammunition?—A. Yes.

Col. C. GREVILLE-HARSTON.

Sir CHARLES DAVIDSON: If you could limit this inquiry it would be better because I must confess I cannot appreciate what is being sought now. What years do you propose to attack, if you attack any.

Mr. HUTCHESON: I am not doing any attacking.

Sir CHARLES DAVIDSON: You are criticising.

Mr. HUTCHESON: Our attention has been directed on the inquiry made by Mr. Dewar as to the sale of the 1910 ammunition to the Northwest Mounted Police. I am dealing particularly with that sale.

Sir CHARLES DAVIDSON: Would it not be sufficient if the witness confirms his opinion as expressed in his letter to the Master General of Ordnance that that is dangerous ammunition?

Mr. HUTCHESON: The witness says that all ammunition shown in this list, some fifteen boxes, was 1910 ammunition.

Sir CHARLES DAVIDSON: And the reports to which this list refers, and of which it is a summary, are at Ottawa.

Colonel HARSTON: All the Small Arms Committee reports are sent to Ottawa.

By Mr. Hutcheson:

Q. Have you yourself, Colonel Harston, had some correspondence with Ottawa regarding the 1910 ammunition?—A. Yes, I have reported it as dangerous.

Q. You showed me a copy of a letter under date of the 13th of May, 1913 from Colonel Benson, Master General of the Ordnance to the superintendent of the Dominion Arsenal, Quebec—shall I read these letters into the evidence or have them copied into the proceedings?

Mr. JACOBS: I would like to know what is in them; I have not seen them.

Sir CHARLES DAVIDSON: So far as I have been able to ascertain, they are mere matters of departmental inquiry. You can use your judgment, Mr. Hutcheson, as to whether you will read them or not.

Mr. HUTCHESON: I think that to make a fair inquiry these letters should be written into the proceedings.

Colonel HARSTON: May I make an explanation with regard to what looks like a difference of opinion between the Master General of the Ordnance and myself with regard to the 1910 ammunition.

Sir CHARLES DAVIDSON: Yes—you are referring to that letter, now.

Colonel HARSTON: I am referring to my letter in which I say it is dangerous, and as to the Master General of the Ordnance having authorized its sale, and I think that is capable of explanation. I think it is only fair to him that it should be explained.

Sir CHARLES DAVIDSON: That has reference to your letter of the 3rd of February and the memo of the Master General of the Ordnance.

By Mr. Hutcheson:

Q. You wish to refer to your letter of the 3rd of February, 1916. I show you a copy of that letter in which you refer to the Barlow report and on page 46 of it, and in a paragraph of your letter you say:—

Since then (the date of the report) the ammunition of 1910 has been found to be dangerous and should not be used.

Was it with regard to that that you desired to make an explanation?—A. Yes.

Colonel HARSTON: General Elliot had only lately become Master General of the Ordnance. He had not been familiar with all the files and the experience we had had with that ammunition, and he had run a camp in Manitoba using 1910 ammunition

Col. C. GREVILLE HARSTON.

and had no accidents. Our business as inspectors is that if we find one burst in 2,000 rounds we condemn the whole thing as dangerous, and we had fifteen or twenty bursts in different parts of the country and therefore we said it was dangerous, and General Elliot had used perhaps 100,000 rounds in one camp and with no accident. But, in 25,000,000 rounds of ammunition, you may get 1,000,000 rounds with no accident and yet all the rest may be bad. General Elliot acted from his own experience in the camp in Manitoba, which I can quite understand, but it does not alter the fact that from the inspection point of view the whole of the 1910 ammunition was dangerous. As I say, he acted from his experience in the one camp, whereas we had at our fingers' ends the experience of the rest of all Canada. That is the difference. He was perfectly unaware of these accidents that had happened until we called his attention to it. He had just come to headquarters.

Sir CHARLES DAVIDSON: Are you aware how these half-million rounds issued to the Northwest Mounted Police turned out?

Colonel HARSTON: No, sir.

Sir CHARLES DAVIDSON: Have you heard of any accidents from it?

Colonel HARSTON: No.

Sir CHARLES DAVIDSON: Where is the evidence as to that feature of it; is there any local officer who can tell us?

Colonel HARSTON: Not here, you could not get that here.

Sir CHARLES DAVIDSON: At Ottawa?

Colonel HARSTON: At Ottawa.

Sir CHARLES DAVIDSON: From whom there?

Colonel HARSTON: From the Commissioner of the Royal Northwest Mounted Police.

Sir CHARLES DAVIDSON: The ammunition in question was supplied the Northwest Mounted Police as long ago as last June, and you have not heard of any of any accident to any person owing to its use.

Colonel HARSTON: I do not get any report from the Northwest Mounted Police.

Sir CHARLES DAVIDSON: In the ordinary course they would not come to you?

Colonel HARSTON: Not unless they asked specially that it should.

Mr. HUTCHESON: I have looked through these letters, and they contain a lot of routine correspondence, and in one or two of them you do call attention to the dangerous character of the ammunition, but there is nothing different that I can find, as I have read these letters, from what you stated in the letter of the 3rd of February.

Sir CHARLES DAVIDSON: These letters were sent to you, Mr. Hutcheson, by Colonel Harston.

Mr. HUTCHESON: Yes. Copies were sent to me by Colonel Harston, and I have looked them through. I do not wish that the proceedings of the Commission should be burdened with letters which do not bear on this matter at all, because many of them refer to routine matters which it is not necessary to inquire into.

Mr. JACOBS: You can show them to me during the adjournment for luncheon and I will see what they are.

Mr. HUTCHESON: Colonel Harston, I desire to ask if there is anything you could add to our knowledge in the line that we are now inquiring into?

Colonel HARSTON: No, sir, I think I have told you everything so far as I know.

Mr. HUTCHESON: Do you know anything about the sale of ammunition to the Admiralty?

Colonel HARSTON: No. The first I heard of it was in the newspapers. I do not know anything about the Northwest Mounted Police sale either.

Col. C. GREVILLE-HARSTON.

Sir CHARLES DAVIDSON: It would appear from the correspondence as found in the parliamentary return that about July, 1914, 12,000 rounds of ammunition were shipped to the Customs cruiser *Margaret* and that the price which was charged was \$360, which I take it would be \$30 per thousand; can you tell us of what year that ammunition was?

Colonel HARSTON: If they had Mark III rifles they would probably get Mark VII ammunition.

Sir CHARLES DAVIDSON: Could you verify that?

Colonel HARSTON: No, sir, we do not issue the ammunition at all.

Sir CHARLES DAVIDSON: Who would verify that?

Colonel HARSTON: The Senior Ordnance Officer where it was issued from.

Sir CHARLES DAVIDSON: The Senior Ordnance Officer at Quebec.

Colonel HARSTON: He could tell about the ammunition; his name is Colonel Morin.

Mr. HUTCHESON: Will not the date of the letter show that it was Mark VII ammunition, the letter is dated July, 1914?

Colonel HARSTON: Not necessarily.

Mr. HUTCHESON: It was for 24 Ross rifles, Mark III.

Colonel HARSTON: Then they would probably have to have Mark VII ammunition.

Mr. HUTCHISON: Is Colonel Morin here?

Colonel HARSTON: Yes.

Mr. HUTCHESON: Would you undertake to communicate with him?

Colonel HARSTON: I could call him up by telephone, but it would be well to send to him as there may be something that he will need to get from his books.

Sir CHARLES DAVIDSON: There was issued to the Vickers Company in September, 236,000 rounds of Mark VI 1912 ammunition; in October 750,300 rounds of like ammunition, making a total of 986,300 rounds of ammunition. In November there was sold to the Vickers Company 1,911,800 rounds of 1906 ammunition and 88,000 rounds of 1907 ammunition.

Colonel HARSTON: That is worth about \$3.50 a thousand to break up, that is all it is worth; it is dangerous to use.

Sir CHARLES DAVIDSON: Wait a moment, you have not heard my question yet—what would you consider to have been the value of that ammunition?

Colonel HARSTON: If the 1912 ammunition was reproofed and ringed, I would value it at about \$25 per thousand. If it was not ringed and reproofed I would only value it at the breaking up price which is \$3.50 a thousand, breaking it up and extracting the bullets and saving the parts. It is not fit to issue.

Sir CHARLES DAVIDSON: I suppose reproofing means visualizing?

Colonel HARSTON: No, we take 600 rounds out of 2,000 and give them a practical test and visual inspection as well.

Sir CHARLES DAVIDSON: Who can tell as to whether this ringing and testing were done?

Colonel HARSTON: I could tell; it is our business to tell.

Sir CHARLES DAVIDSON: Have you that in your records?

Colonel HARSTON: Yes, sir, I have.

Sir CHARLES DAVIDSON: Do you know whether this ammunition which was issued was ringed and tested?

Colonel HARSTON: No, sir, I cannot tell you what ammunition they issued.

Sir CHARLES DAVIDSON: I think that is in evidence here.

Col. C. GREVILLE-HARSTON.

Colonel HARSTON: I could not tell you whether it was ringed, and reproved and re-examined, I do not know that. I never heard of this ammunition being sold; I did not know anything about it. About one per cent of the 1912 ammunition was bad and dangerous.

Sir CHARLES DAVIDSON: And the 1906 and 1907 ammunition?

Colonel HARSTON: The man who sold it ought to go to jail, I think.

Mr. JACOBS: It was your department sold it.

Colonel HARSTON: Not my department.

Mr. JACOBS: You sold it to the British Admiralty.

Colonel HARSTON: I had nothing to do with it; the 1906 and 1907 ammunition is dangerous.

Sir CHARLES DAVIDSON: It is curious they should want more of it; they apparently tried to get more.

Colonel HARSTON: I do not know anything about it.

Mr. JACOBS: Who do you suggest should go to jail?

Colonel HARSTON: Oh, I do not know that that was evidence; it was only just a remark of mine.

Sir CHARLES DAVIDSON: Can you account for the fact that Vickers wanted 2,000,000 more rounds of this ammunition?

Colonel HARSTON: No, sir, I cannot, unless they were trying to blow up their guns, to see what they would stand.

Mr. HUTCHESON: Is there any way in which we can find out whether this ammunition that was sent to them was ringed?

Colonel HARSTON: The Ordnance Stores Department ought to know. As soon as we have finished the inspection we turn the ammunition over to the Ordnance stores and after that we do not know what becomes of it; we have no information about it whatever after we pass it over.

Mr. HUTCHESON: And in that Department who would be the best man to tell us?

Colonel HARSTON: The principal Ordnance Officer in Ottawa, Colonel J. F. Macdonald. If he does not know it, some of his subordinates would.

Mr. JACOBS: That last lot was sent from Quebec.

Colonel HARSTON: Then the Senior Ordnance Officer here would know.

Mr. JACOBS: And you would not know?

Colonel HARSTON: No, we have nothing to do with the ammunition after we have inspected it and proved it and packed it.

Mr. JACOBS: You are merely an inspector?

Colonel HARSTON: That is all, Chief Inspector of Arms and Ammunition. I am guided by certain rules.

Mr. JACOBS: And you would not know anything about the two sales of defective ammunition that were made in Quebec?

Colonel HARSTON: No.

Mr. JACOBS: I notice, at page 51 of the evidence given on May 23rd, the question put by you, Mr. Commissioner, to Mr. Dewart: "Have you before you, Mr. Dewart, what was really delivered to the Vickers Company?" Of course, I was not in the case before and I am ignorant as to the evidence, because the facts were only placed before me a short time ago, but, as I understand it, from reading the evidence, the ammunition was for the Admiralty and the Vickers Company was their representative, so that it was not delivered at all to the Vickers Company.

Sir CHARLES DAVIDSON: Oh, we are calling it the Vickers Company, but of course it was delivered to Mr. Searles, who was an official of the Vickers Company.

Col. C. GREVILLE-HARSTON.

Mr. JACOBS: And as I understand it, Mr. Lewis explained the purchase by the Vickers Company.

Sir CHARLES DAVIDSON: Yes. I mentioned the name "Vickers" generally, but I will alter my question and refer to ammunition with which the name of an official of Vickers was connected.

Mr. JACOBS (to Colonel Harston): As to this delivery on the 26th of November, 1916, of 1,999,800 rounds of ammunition, you say that you have no knowledge at all, as the official in charge of this Department in Quebec, of these cartridges or ammunition.

Colonel HARSTON: It is not in my department.

Mr. JACOBS: You knew nothing of it.

Colonel HARSTON: Never heard of it.

Mr. JACOBS: Never heard of it?

Colonel HARSTON: No, it is not my job.

Sir CHARLES DAVIDSON: You inspected the ammunition?

Col. HARSTON: And I turn it over to Ordnance stores, and after it goes to Ordnance stores I know nothing about it.

Sir CHARLES DAVIDSON: Unless it returns it to you for further inspection.

Colonel HARSTON: Yes.

Mr. JACOBS: This lot of ammunition in November, 1915, what vintage was that, was that 1908 ammunition?

Colonel HARSTON: I cannot tell you, I never heard of it.

Mr. JACOBS: What mark is it?

Colonel HARSTON: I can tell you it is Mark VI.

Mr. JACOBS: Assuming it was 1906 and 1907 ammunition, your evidence is that you consider that ammunition worthless.

Colonel HARSTON: I consider it was bad. What they wanted to buy a lot of rotten old stuff like that for, I cannot imagine, I would not allow men to shoot it.

Mr. JACOBS: Assuming that the Department got \$20 a thousand for it, what have you to say to that?

Colonel HARSTON: I should say they ought to return \$17.50 per thousand if they do the square thing.

Mr. JACOBS: You think they were obtaining money by false representations.

Colonel HARSTON: No, I do not say that. Those people may have wanted rotten ammunition.

Mr. JACOBS: For what purpose?

Colonel HARSTON: I do not know. They may have wanted it for some experimental purpose, I cannot tell.

Mr. JACOBS: You would not think that the British Admiralty would want it for experimental purposes.

Colonel HARSTON: I do not know. They may have wanted it for some experimental purposes, we do all sorts of things in experimenting.

Mr. JACOBS: What experimental purpose could that be used for except for injuring the sailors using it on board the vessels?

Colonel HARSTON: Not at all; they might want to see what a gun would stand; they may have wanted to see how bad ammunition they could feed the gun with.

Mr. JACOBS: Would they not require the best ammunition to see what a gun would stand?

Col. C. GREVILLE HARSTON.

COLONEL HARSTON: They know what it will do with the best ammunition; they might want to get hold of that rotten stuff to see what would happen to the gun.

MR. JACOBS: And what would happen the gun with a lot of rotten ammunition?

COLONEL HARSTON: I cannot tell you without experimenting.

MR. JACOBS: Can you conceive in your mind what would happen to a gun with defective ammunition such as you call this: worthless and useless.

COLONEL HARSTON: We know that at the front a great many men lost their lives through bad ammunition.

MR. JACOBS: Do you therefore suggest that is why they wanted this bad ammunition?

COLONEL HARSTON: To test out their guns, perhaps; I cannot tell you, that is only a surmise.

MR. JACOBS: And you will admit that your surmise is rather far-fetched.

COLONEL HARSTON: I do not see what else they would want it for.

MR. JACOBS: Would you consider that the Department should have told these people, if they did not, that this was defective and worthless ammunition, when they were selling it to them?

COLONEL HARSTON: I should think the people that were buying it must have had Colonel Barlow's report on that ammunition; they would not have bought it, surely, without seeing that.

MR. JACOBS: And you think that the people who bought it, if they did not have Colonel Barlow's report before them, should have had it before them?

COLONEL HARSTON: Yes, I think they should.

MR. JACOBS: That would have been the honest way to deal with these people.

COLONEL HARSTON: Quite so.

MR. JACOBS: Particularly the British Admiralty.

COLONEL HARSTON: Certainly.

MR. JACOBS: This lot of 1,999,800 rounds, 1906 and 1907, ammunition was condemned by Sir H. W. W. Barlow in his report.

SIR CHARLES DAVIDSON: General D. A. Macdonald speaks of this as two lots, amounting to about 1,000,000 rounds, as being 1912 and 1913.

COLONEL HARSTON: That was better, sir, that was better ammunition. There was one per cent of the 1912 ammunition bad, and the 1913 was fairly good.

MR. JACOBS: That was fairly good?

COLONEL HARSTON: Yes.

MR. JACOBS: You think that was worth very much more than the first lot which we have just been discussing?

COLONEL HARSTON: Oh, yes.

MR. JACOBS: Was this bad ammunition marked in any way so that it could be kept separate from the good ammunition?

COLONEL HARSTON: We mark on every box when we deliver it at the Ordnance stores, the date it was inspected.

MR. JACOBS: So that the parties using it could know which was good and which was inferior.

COLONEL HARSTON: The Ordnance stores could tell what date it is by the marks outside the box.

MR. JACOBS: The date of inspection and the date of manufacture is on these boxes.

Col. C. GREVILLE-HARSTON.

Colonel HARSTON: The date of manufacture. The year is marked on the cartridge, as I show you by this sample one I have here.

Mr. JACOBS: Is it stamped on the case?

Colonel HARSTON: Yes.

Mr. JACOBS: And the date of inspection on the box?

Colonel HARSTON: In the brown packages, on the paper outside is printed the date of manufacture and then they are wrapped up in tin-lined boxes and the date of inspection is on these boxes.

Mr. JACOBS: What have you to say as to the third lot, which was the year, 1912, I suppose, that is the 236,000 rounds, what have you to say about that?

Colonel HARSTON: Our experience was that one per cent of the 1912 was bad, but if they were ringed and inspected, then the ammunition was worth about \$25 per thousand rounds. If it was not ringed and inspected we would put it in the dangerous class.

Mr. JACOBS: Can you say whether this lot was in the dangerous class?

Colonel HARSTON: I do not know anything about it.

Mr. JACOBS: Who would know about it?

Colonel HARSTON: The senior ordnance officer, Colonel Morin.

Mr. JACOBS: The two lots of 1912 ammunition, the 236,000 and the 750,800 rounds were from Montreal, I suppose Colonel Morin knows about that?

Colonel HARSTON: I do not know their business methods. We turn all the ammunition over to the ordnance officers here and the other ordnance officers in the other districts draw from him.

Mr. JACOBS: You made inspection of all this ammunition—your inspection is not limited to the Quebec Arsenal, but extends to other departments.

Colonel HARSTON: I am Inspector for all makers, it does not matter who makes it.

Mr. JACOBS: And this stuff which went from Montreal, you would have examined and inspected that?

Colonel HARSTON: The inspection would have been made here.

Mr. JACOBS: And then it would be sent out afterwards.

Colonel HARSTON: Yes.

Mr. JACOBS: So that it all goes through your hands.

Colonel HARSTON: The 1912 did not all pass through my hands. It was passing through my hands when the war broke out and then we had to stop it on account of the war.

Mr. JACOBS: You sold it?

Colonel HARSTON: No. I had nothing to do with the sale.

Mr. JACOBS: At any rate, you make a very wide distinction between the ammunition of 1906, 1907 and 1908, and the ammunition of 1912.

Colonel HARSTON: Oh yes, I make a wide distinction.

Mr. JACOBS: You consider that the first lots were practically worthless.

Colonel HARSTON: Yes, except for breaking up.

Mr. JACOBS: And the last lot would be 99 per cent good.

Colonel HARSTON: After examination and proving.

Mr. JACOBS: You consider that would be worth about \$25 per thousand rounds.

Colonel HARSTON: Yes, as second-class ammunition.

Mr. JACOBS: I suppose that if it was visualized and ringed it would be first-class?

Colonel HARSTON: No.

Col. C. GREVILLE HARSTON.

Mr. JACOBS: It would not be first-class under any circumstances?

Colonel HARSTON: Never.

Mr. JACOBS: But still it was 99 per cent pure.

Colonel HARSTON: Yes.

Mr. JACOBS: And the other lot was worthless.

Colonel HARSTON: In my opinion it was, except for breaking up.

Mr. JACOBS: So that you would consider that if the Department sold that 1906, 1907 and 1908 ammunition for \$20 per thousand rounds they got a pretty good price.

Colonel HARSTON: They got a great deal more than I would give for it, knowing what I did about it.

Mr. JACOBS: Then with regard to the 1912 ammunition you consider \$20 per thousand rounds is a fair price.

Colonel HARSTON: If they took it unringed and unproved, I should think \$20 was a fair price.

Mr. JACOBS: And your report with regard to the various classes of ammunition would be in writing and would be filed in the Department.

Colonel HARSTON: We have forms which we fill up.

Mr. JACOBS: These would be sent to the Militia Department at Ottawa?

Colonel HARSTON: Yes.

Mr. JACOBS: Have you full particulars with regard to these various classes of ammunition, whether defective or otherwise.

Colonel HARSTON: I cannot tell you whether they have all this defective ammunition. I do not think we followed the same routine when re-inspecting and re-proving this. The Ordnance stores gave it into us. We ringed it and we reinspected and re-proved it and indented it back to them, but I do not think we put in regular reports as we do in regard to inspecting new ammunition.

Sir CHARLES DAVIDSON: To whom, during your intended absence in England, can we refer in your department for information if we need it?

Colonel HARSTON: To the senior officer, Major Mattice, or to Major Tomlinson.

Sir CHARLES DAVIDSON: Who is in charge of the records?

Colonel HARSTON: The clerk is in charge of the records, a man named Purcell.

Mr. JACOBS: May I ask you whether you would consider this ammunition more dangerous for a Ross rifle than for a machine gun?

Colonel HARSTON: No, I would consider it safer for the Ross rifle.

Mr. JACOBS: And more dangerous for the machine gun?

Colonel HARSTON: Yes, some machine guns; they vary.

Mr. JACOBS: Why?

Colonel HARSTON: Because the breech action of the Ross rifle covers up the base of the cartridge in a way that no other rifle does, and you are not so likely to get the flames back in your face.

Mr. JACOBS: It prevents a blow-back.

Colonel HARSTON: To a great extent.

Mr. JACOBS: Then it would be really functioning at its best in the Ross rifle?

Colonel HARSTON: Yes.

Mr. JACOBS: Mark II or Mark III Ross rifle?

Colonel HARSTON: Either. Mark III of course is the best.

Sir CHARLES DAVIDSON: What about the Lee-Enfield?

Colonel HARSTON: I would rather not be around when a Lee-Enfield is firing Mark VII ammunition.

Col. C. GREVILLE-HARSTON.

Sir CHARLES DAVIDSON: You think it would be dangerous?

Colonel HARSTON: I do not think it, I know; they have to alter it and improve it and they are constantly having accidents.

Sir CHARLES DAVIDSON: In the Lee-Enfield?

Colonel HARSTON: Yes, with the Mark VII ammunition. The pressure has been increased twenty-five per cent over Mark VI.

Sir CHARLES DAVIDSON: In the Lee-Enfield?

Colonel HARSTON: Yes, with the Mark VII ammunition. The pressure has been increased twenty-five per cent over Mark VI.

Sir CHARLES DAVIDSON: Do they manufacture in England Mark VII ammunition for the Lee-Enfield?

Colonel HARSTON: Yes, but they have had to alter the action to make it stand it. It would not stand it at first. There used to be 31 grains solid cordite in the Mark VI, and there are 39 grains of tubular cordite in Mark VII. We test the rifles 24 tons to the square inch. I have blown an old Lee-Enfield to pieces with Mark VII ammunition.

Sir CHARLES DAVIDSON: Do you consider the Ross rifle stronger?

Colonel HARSTON: The Ross rifle Mark III breech action, from the mechanical engineer's point of view, is the strongest breech-action in the world, and I know them all, and that is saying a good deal.

Mr. JACOBS: You do not agree with General Alderson?

Colonel HARSTON: I do not know what General Alderson says, I am telling you the mechanical engineer's point of view.

Mr. JACOBS: Of course the Minister of Militia knew about the defects in this ammunition.

Colonel HARSTON: Well, he is a very busy man, sir. He knew there was some defective ammunition, but I do not know whether he knew any details.

Mr. JACOBS: He has given some details before this Commission.

Colonel HARSTON: Then I presume he knew what he was speaking about, but I cannot tell you what he knows.

Mr. JACOBS: The Minister says in his evidence at page 4 of the printed report: "We knew that the ammunition made in the Canadian Arsenal was bad. We had always had accidents at our rifle matches then as the bullets were not the same size as the cartridge cases, the cartridges were badly made, the caps were badly fixed, and blow-backs and cracks in the cartridge cases were very common."

Colonel HARSTON: That is absolutely true.

Mr. JACOBS: In 1909, when you began this work of re-organization in the Department—

Colonel HARSTON: Not re-organization—they never had the inspection before that they should have had, and that is the reason it went bad.

Mr. JACOBS: Where were you all the time, Colonel, before you took up this work?

Colonel HARSTON: I was leading a happy life.

Mr. JACOBS: Here in Quebec?

Colonel HARSTON: No, in Toronto, and sometimes in Ottawa.

Mr. JACOBS: In 1909 you say you attempted the re-organization of the Department and it was only in 1913 that you succeeded.

Colonel HARSTON: They have always had an inspection department at Woolwich and the Woolwich Arsenal looks to the Inspection Department to keep them right. They never had an inspection department here before and the consequence is they went wrong. Then Sir Frederick Borden and Sir Wilfrid Laurier got together and

Col. C. GREVILLE HARSTON.

they got General Sam Hughes at me and they got me to come here and go into the work because I had some experience, to try and put them right. In the inspection department their business is to inspect and to try and keep them right when they go wrong

Mr. JACOBS: Then we have to thank Sir Frederick Borden and Sir Wilfrid Laurier for your presence here?

Mr. HUTCHESON: And General Hughes.

Mr. JACOBS: And General Hughes, of course, that goes without saying—was General Hughes military adviser to Sir Frederick Borden?

Colonel HARSTON: Not that I know of. Sir Frederick Borden asked me in his own house to take the work up in 1910.

Mr. JACOBS: With regard to this sale of ammunition to the Northwest Mounted Police, the ammunition that was sold in 1916, can you tell us whether any 1910 ammunition was sold to the Northwest Mounted Police?

Colonel HARSTON: I did not know it had been sold until I saw it in the newspapers; I advised against it.

Mr. JACOBS: Surely some person must be responsible.

Mr. HUTCHESON: They had not any 1913 ammunition.

Colonel HARSTON: General Elliot tells me that he assumes responsibility.

Sir Charles DAVIDSON: The witness has given a possible explanation of that, and we will hear General Elliot. The witness says that General Elliot used thousands of rounds of this ammunition when he was in charge of a camp in the West, and that it was all right.

Colonel HARSTON: He had not our records.

Mr. JACOBS: Your records show that it was dangerous ammunition.

Colonel HARSTON: Certainly.

Mr. JACOBS: What price would you fix as the value of that stuff which was sent to the Northwest Mounted Police?

Colonel HARSTON: I would not sell that stuff unless somebody wanted it for some special experiment, I would break it up.

Mr. JACOBS: What would you call special experiments?

Colonel HARSTON: Such as trying if they could blow up a gun.

Mr. JACOBS: Trying to blow up a gun?

Colonel HARSTON: Yes, to see what the gun would stand.

Mr. JACOBS: You do not suggest that the Northwest Mounted Police was doing that?

Colonel HARSTON: Not that I know of.

Mr. JACOBS: You and General Elliot do not agree as to the quality of that particular lot which the Northwest Mounted Police received?

Colonel HARSTON: General Elliot had not the records I had and he had only come into the Department, and he had his field experience with the ammunition, and he had not an opportunity to see the tests.

Mr. JACOBS: Don't you think that when ammunition of that kind is ordered for an important branch of our forces like the Northwest Mounted Police, some person should be able to say to the party ordering it that this was dangerous ammunition or otherwise?

Colonel HARSTON: I do, yes.

Mr. JACOBS: Whose duty was that?

Colonel HARSTON: I should think it was the principle Ordnance officer.

Col. C. GREVILLE-HARSTON.

Mr. JACOBS: At Quebec here?

Colonel HARSTON: No, at headquarters.

Mr. JACOBS: General Elliot is not an expert in ammunition.

Colonel HARSTON: You will have to ask him that.

Mr. JACOBS: You both do not belong to the same branch of the service?

Colonel HARSTON: He is a gunner and my life has been spent in breech action and ammunition.

Mr. JACOBS: You are one of the best known experts in Canada.

Colonel HARSTON: Am I, I am glad to hear it.

Mr. JACOBS: You are such an expert that General Hughes appointed you to the Shell Committee in an advisory capacity?

Colonel HARSTON: He appointed me because I was Chief Inspector of Arms and Ammunition.

Mr. HUTCHESON: I would like a little further light, on one point, Colonel Harston. Speaking of the 1906 and 1907 ammunition, with the sale of which the name of Vickers, Limited, was connected, you spoke of it as dangerous, very defective, and practically worthless, and it has been suggested in the course of the evidence previously taken that that ammunition was sold at that time for machine-gun testing purposes—would there be any danger to the men involved in the use of that ammunition for testing?

Colonel HARSTON: Not for testing. When we make tests, we do not let the men run any risks.

Mr. JACOBS: That is in testing the strength of the gun.

Colonel HARSTON: Yes, we always take care of the men, and see that there is no unnecessary danger.

Mr. HUTCHESON: You know the Vickers, Limited, concern in England?

Colonel HARSTON: Very well.

Mr. HUTCHESON: You have some idea of the extent of their operations; they manufacture machine guns?

Colonel HARSTON: Oh yes, large quantities of them.

Mr. JACOBS: I do not know that we should go into the question of the capacity of the Vickers Company or what their business is when it is shown in evidence here that the Vickers never used this ammunition, nor did they buy it. They simply used the name of one of their clerks for some reason that is not yet known, for the purpose of getting it from here to the British Admiralty. That being so, I cannot see why my learned friend should go into this evidence.

Sir CHARLES DAVIDSON: The evidence is already on record as to the enormous extent of the operations of Vickers, Limited.

Mr. HUTCHESON: And this witness can confirm it. I may say that it is still a moot question as to whether or not that sale was to Vickers.

Sir CHARLES DAVIDSON: Everybody knows that Vickers is a very big firm.

Mr. HUTCHESON: And you say, Colonel Harston, that if that sale was for the purpose of testing machine guns, there would be no danger to the men.

Colonel HARSTON: Anybody who is testing machine guns would not let the men be in danger. When we test we have a steel door between the breech and the man as close as possible to him, so that if the barrel blows up, as it constantly does, it cannot get near the man.

Mr. JACOBS: And that would be the only possible use for which that ammunition could be used?

Colonel HARSTON: In my opinion, yes.

The witness retired.

Col. C. GREVILLE HARSTON.

QUEBEC, June 9, 1916.

Lieut.-Col. J. A. MORIN, senior ordnance officer, Military District No. 5, sworn.

By Mr. Hutcheson, K.C.:

Q. Colonel Morin, we were inquiring this morning about two shipments of small arms ammunition, cartridges, made in connection with Vickers, Limited, London, said to have been made in the beginning of last year, 1915. The first consignment was 236,000 rounds and I wanted to know if you have records bearing upon these shipments in any way?—A. I have no record about the shipment you have mentioned. I have a record of the shipment of about 2,000,000 rounds on the 26th of November, 1915. That is the only record I have. This was shipped direct from my stores to Mr. E. A. Searles, in care Vickers House, London, England.

Q. Have you no records then of two shipments which were made in September and October, 1915, to the same person?—A. I did not make any other shipments to the same person; I made only one.

Q. And that was the one on the 26th of November, 1915?—A. Yes.

Q. How much was that shipment?—A. 1,919,800, 1906. There is another lot of 88,000, 1907, in the same shipment.

Q. Then did the former shipments of September and October have 236,000 and 750,000 rounds respectively go through your storehouse here?—A. It must have been shipped to other people because I do not trace any other shipment to the same party.

Q. There is an ordnance storehouse at Montreal?—A. Yes.

Q. It may have been sent from there?—A. It may have been sent either to the Ordnance officer in Montreal or to the Assistant Director of Transport and Supplies that was attending to the shipments at Montreal.

Q. What we are particularly concerned in endeavouring to find out is if these two earlier shipments of the smaller amounts had been ringed and tested prior to having been shipped, you cannot help us in that regard?—A. I can help you on my shipment only.

Q. As to your shipment, had that ammunition been ringed before the shipment?—A. It had not been ringed. No ammunition posterior to February, 1908, had been ringed.

Q. If ammunition were ringed, where would that process be carried out?—A. The bulk of the ringing was made in my own stores.

Q. Was any ringing done in Montreal?—A. I do not think so; it was carried out under the superintendence of the inspection branch at Quebec and no ringing, to my knowledge, has been done outside of Quebec. The ammunition for ringing was sent from all over the country, from the out stations to Quebec, to be ringed.

Q. Could this ammunition, which we will assume for the present was shipped from Montreal—that is the earlier lots which I speak of—could that ammunition have been sent here to Quebec to be ringed and then returned to Montreal and shipped from there?—A. Yes.

Q. That might have happened?—A. That might have happened if it is of a date posterior to February, 1908, if it was later than that it was probably ringed.

Q. As a matter of fact it was later than February, 1908, and it was actually ammunition of 1912, and we have been told this morning that part of the 1912 ammunition was ringed and part of it was not, owing to the outbreak of war?—A. Yes, there is a small amount in stores that has not been ringed, about half a million.

Mr. HUTCHESON: I do not think there is anything further that I have to ask the witness.

Lieut.-Col. J. A. MORIN.

Mr. JACOBS: He does not seem to give us light upon the matter.

Sir CHARLES DAVIDSON: He has stated in definite fashion that 1906 and 1907 had not been ringed.

Mr. HUTCHESON: Yes, that we pretty well knew already.

Sir CHARLES DAVIDSON: And he has no record as to how much of the 1912 ammunition was ringed.

Mr. HUTCHESON (to Colonel Morin): There is no record of what part of that ammunition was ringed?

Colonel MORIN: You could ascertain from Montreal, because the ammunition ringed was always charged on the voucher as ringed.

Mr. HUTCHESON: I must correct what I stated this morning. Colonel Harston told us this morning that of the 1912 ammunition 140,800 rounds had been ringed but not inspected, and 80,300 rounds had been ringed.

Sir CHARLES DAVIDSON: It appears by the statement included in the return that the 226,300 rounds and the 750,300 rounds were shipped from Montreal.

Mr. HUTCHESON: Yes, it is stated in the left-hand corner of the margin of that document that they were shipped from Montreal.

Sir CHARLES DAVIDSON: If these were ringed, would you have a record here?

Colonel MORIN: If I knew all of the consignments from Quebec which were shipped from Montreal, I could tell. But I do not believe there was any ammunition, 1912, not ringed, that was shipped outside, because it was strictly forbidden—unless they had some ammunition they did not send down for ringing.

By Mr. Hutcheson:

Q. You think it probable that all the 1912 ammunition which was shipped outside was ringed?—A. Yes, and besides at Montreal they can certainly tell whether it was ringed or not, because it was always charged as ringed when it was ringed.

Sir CHARLES DAVIDSON: What officer in Montreal could tell that?

COLONEL MORIN: The senior ordnance officer at Montreal, Colonel Sullivan was in charge then.

Sir CHARLES DAVIDSON: Is he there still?

COLONEL MORIN: He is at Valcartier at present, but they could ascertain from their books.

Sir CHARLES DAVIDSON: Who else could tell?

COLONEL MORIN: Colonel Tellier is replacing Colonel Sullivan at present.

By Mr. Jacobs:

Q. Do you know anything about the quality of this ammunition that you shipped from here in 1914?—A. Of that special shipment?

Q. Yes, this 1,919,000 lot comprised in two parts?—A. That ammunition was held as suspicious from the information we got from headquarters.

Q. You say "headquarters," what are headquarters?—A. From Ottawa, the general staff, Ottawa.

Q. Would you, as senior ordnance officer, know yourself, without instructions or information from headquarters that this was suspicious?—A. I could not tell that it was suspicious, because I had no information in this district to the effect that the ammunition was not of good quality.

Q. You had no information?—A. No.

Q. How long have you been in this position that you now occupy?—A. I have been there for eleven years.

[Lieut.-Col. J. A. Morin.]

Q. And you only knew that this ammunition was suspicious because of information supplied by Ottawa?—A. Yes.

Q. Was it set aside as suspicious, were marks placed upon it to indicate it was suspicious?—A. We received instructions not to issue any because it was considered suspicious at the time.

Q. You say that you received instructions not to issue any; what were the instructions? Were they to issue none of a certain mark or of a certain year?—A. Yes, of a certain mark and certain year. That is, any of a prior date of manufacture, prior to February, 1908.

Q. You were told that was suspicious and not to issue any to your own troops?—A. To our own troops.

Q. And you received instructions to ship this across the ocean from whom?—A. From the principal ordnance officer at Ottawa.

Q. He instructed you to ship this 1906 and 1907 ammunition to Searles?—A. Yes, he did not mention the year.

Q. He told you the marks?—A. He told me to ship Mark VI.

Q. You had not been in the habit of using Mark VI here for some years in Canada?—A. Up to 1911 it was used all over Canada.

Q. Did you know personally of your own knowledge that this ammunition was defective or otherwise?—A. No, I could not tell because in this district there was never a complaint brought before me.

Q. Never a complaint?—A. No.

Q. There was no board convened to report on accidents up to 1911?—A. Not in this district.

Q. And in 1911 what happened; you were told not to use that ammunition?—A. Not to ship any.

Q. That is, not to ship any to other parts of Canada?—A. To other parts of Canada or to the troops in this district.

Sir CHARLES DAVIDSON: Have you any means of knowing if accidents did occur in relation to the ammunition served to the Northwest Mounted Police?

COLONEL MORIN: No, that would not come to me, because the Senior Ordnance Officer of the district concerned would receive the proceedings and would have to report.

By Mr. Jacobs:

Q. If this ammunition came from Quebec, would there be a report made if any accidents supervened as the result of the use of it?—A. No.

Q. You think not?—A. No, because they have all the information upon the boxes and upon the packages that they want; they need not refer to me about it.

Q. But in cases of accidents—suppose some of this ammunition was served to the Northwest Mounted Police and an accident took place as the result of a defect in the ammunition, would you not as the party who served that ammunition originally have notice of it, or information with regard to it?—A. No.

Sir CHARLES DAVIDSON: It may be interjected that the 500,000 rounds issued to the Northwest Mounted Police was issued, as appears by the record, from Calgary, and it came from Victoria.

Mr. JACOBS: So that this official would know nothing about it.

By Mr. Jacobs:

Q. Do you know if any complaints were made here from the district of Quebec respecting this 1906, 1907, and 1908 ammunition, as to whether it was defective or not; did anyone complain?—A. There may have been some complaints, but not through me; it may have been through the officer commanding the district.

Lieut-Col. J. A. MORIN.

Q. But you as Senior Ordnance Officer would know something of it; you would know, would you not?—A. I should.

Q. You should?—A. I should.

Q. Did you ever inquire to find out why it was that this ammunition was put aside and placed under suspicion; did you ever make any inquiry as to that?—A. It was not my business to inquire because that information came from my superiors.

Q. And you never question your superior?—A. No.

Q. Can you tell me what class of ammunition was issued to the troops in this district during the last few years?—A. There was some Mark VI ammunition issued in 1914.

Q. Mark VI, for troops in the different camps?—A. Yes.

Q. And the different rifle associations?—A. No, the rifle associations have not been supplied with any ammunition since the war opened. In 1912, up to the war, the rifle associations were receiving Mark VI ammunition.

Q. And up to the war you were serving Mark VI ammunition generally to the troops in camps and other places, as required?—A. Yes, but after we were notified not to issue ammunition of a certain date we issued ammunition posterior to that.

Q. You knew that, you have a personal knowledge of that?—A. I have a copy of the report.

Q. We would like to have that report, Colonel Morin, where is it?—A. It is in my office.

Q. Will you send a copy of it to the Secretary of the Commission?—A. Yes.

Q. If you will enclose it in a letter saying it is the report referred to in your evidence?—A. That report is a big thing covering all sorts of ammunition, gun ammunition, and all sorts of things.

Q. Will you extract from it that part that deals with the small arms ammunition; I would be satisfied with that?—A. Yes, I will do so.

Q. I think that would be sufficient; there is no necessity for covering the record with an unnecessary report. Who preceded Major Gillen?—A. Colonel Weatherbee.

Q. Colonel Gillen made that report to which you refer?—A. Yes.

Q. Did Colonel Weatherbee also make a report during his term?—A. Yes.

Q. Did he have any fault to find with this ammunition so far as you know?—A. I cannot tell, but I do not think so.

Q. Did you ship any of the ammunition from the Department here to any other party in England except Searles?—A. We shipped some to the Ordnance Officers there, to the Chief Ordnance Officer of the Canadian Expeditionary Forces. and to the D.O.S. Woolwich.

Q. That was not sold, that was shipped on your own account?—A. Yes.

Q. You do not know of any other ammunition sold from this Department except this 2,000,000 rounds that you have spoken about?—A. That is all from Quebec.

Q. Do you know if Colonel Harston inspected this ammunition, 1906, 1907, 1908, Mark VI?—A. No, he was not inspector when it was manufactured.

Q. Did he come afterwards, was he appointed later?—A. Yes, but he touched only the newly-made ammunition.

Q. That would be Mark VII?—A. And some Mark VI also.

Q. And some Mark VI?—A. Yes.

Q. But made subsequent to 1908?—A. Yes.

Q. He did not inspect the ammunition that was sold, the 1907 and 1908 ammunition; he inspected the ammunition manufactured subsequent to that?—A. Yes.

Q. Was that 2,000,000 rounds all that you had of the Mark VI ammunition here in Quebec?—A. No, I had some more.

Q. Have you got it still?—A. Yes, I have a small quantity.

Q. And you are not serving any of that out to the troops?—A. No, we are under the same instructions as before.

[Lieut.-Col. J. A. Morin.]

Q. So far as your personal knowledge goes, do you consider that stuff good that you have here; do you consider it useful or do you consider it defective and useless?—
A. I would not mind using it.

Q. Therefore, you must consider it all right?—A. Because I know that it was fired by some of my men with good results.

The witness was not further examined.

(The Commission adjourned to resume in Ottawa on Monday next the 12th day of June.)





ROYAL COMMISSION.

OTTAWA, Monday, June 12, 1916.

PRESENT:

The Honourable Sir CHARLES DAVIDSON, Knight, *Commissioner*.

J. A. HUTCHESON, K.C., *Counsel to assist the Commissioner in the Inquiry*.

HARTLEY H. DEWART, K.C., *Counsel for the Liberal Party*.

JOHN FRASER, I.S.O., *Auditor General for the Dominion of Canada*.

THOMAS P. OWENS, *Clerk of the Commission*.

The following letter was read:—

HEAD OFFICE, BANK OF MONTREAL,

MONTREAL, June 9, 1916.

MY DEAR SIR,—I have to acknowledge receipt of your telegraphic message of today reading as follows:—

“Please have proper officer appear before Sir Charles Davidson’s Commission at Ottawa on Monday, 12th June, at two o’clock afternoon and produce copy of account number two Bank of Montreal, New York, in trust F. Orr-Lewis together with all correspondence bearing on transactions in this account I will be in Ottawa Saturday evening 728 Elgin Street.”

I have instructed that our Ottawa Manager, Mr. A. G. Parker, represent the Bank in the matter before Sir Charles Davidson’s Commission. Our New York agents will furnish Mr. Parker with the required documents which he will produce at the proper time and which I assume you have the legal right to demand.

I am,

Yours very truly,

F. W. TAYLOR,

General Manager.

THOMAS OWENS, Esq.,
728 Elgin Street,
Ottawa.

A. G. PARKER, Manager of the Bank of Montreal, Ottawa, sworn and examined.

By Mr. Hutcheson, K.C.:

Q. You are manager of the Bank of Montreal at Ottawa?—A. I am.

Q. You have been asked to produce here a certain statement, and letters bearing on the transactions which the Commission is inquiring into; I understand you have these documents with you?—A. I have these documents with me. They are copies of letters and telegrams exchanged between our agents in New York and F. Orr-Lewis on the subject of his trustee account, No. 2, in the Bank of Montreal, New York.

Mr. HUTCHESON: I have been informed that the account in question covers other matters not germane to this inquiry, and that the correspondence also refers to other matters, and I would ask permission to retire with the witness and with Mr. Dewart, counsel for the Liberal party, and with the Auditor General, so that we may have an opportunity of showing what portion of the accounts should be given in evidence.

Mr. DEWART: I am quite content; I think the suggestion is a very proper one.

Sir CHARLES DAVIDSON: Let it be done.

(Mr. Hutcheson, K.C., Mr. Dewart, K.C., Mr. Fraser, Auditor General, and Mr. Parker, then retired to confer as to the production of papers bearing on the case.)

When they returned:

Mr. HUTCHESON: I wish to state that we have conferred together, Mr. Parker, Mr. Dewart, Mr. Fraser, and myself, and we have amicably agreed upon the letters and the portion of the bank statement which should be introduced; I refer to account No. 2 in trust, Frederick Orr-Lewis, in the Bank of Montreal, New York. We will read into the proceedings what we wish to go on record, because some of the letters and parts of the letters refer to other matters, and we will have to pick out what is relevant.

Mr. HUTCHESON: Did you receive this letter, Mr. Parker?

Mr. PARKER: I received that letter this morning.

Mr. HUTCHESON: From whom?

Mr. PARKER: From W. A. Bog, second agent in the New York branch of the Bank of Montreal. The following is the letter:—

AGENCY, BANK OF MONTREAL,

64 WALL STREET,

NEW YORK, June 10, 1916.

A. G. PARKER, Esq., Manager,
Bank of Montreal
Ottawa.

Dear Sir,—As instructed by the general manager, we enclose herewith copy of F. Orr-Lewis No. 2 account, together with a copy of the relative correspondence we have had with him in connection therewith.

Please acknowledge receipt.

Yours faithfully,

W. A. Bogg,

Agent.

Mr. HUTCHESON: Did you also receive this account which I show you, from Mr. Bog?

Mr. PARKER: Yes, at the same time.

[A. G. Parker.]

Mr. HUTCHESON: May I pick out from this account a number of items which apparently seem to relate to the matter under inquiry. The account is headed:—

“F. Orr-Lewis, Esq., Trustee,
In account with the Agent,
Bank of Montreal, New York,
No. 2 Account.”

By Mr. Hutcheson:

Q. Under head of December 9, 1915, we find a credit of \$29,457.75?—A. Yes.

Q. The item being: “per National Park Bank?”—A. Yes.

Q. The next item is “December 13, 1915, per National Park Account, Samuel Montague,” that is the credit of \$26,176?—A. Yes.

Q. Then we find the item “December 21, 1915, payment J. W. Allison, \$4,000?”—A. Yes.

Mr. DEWART: There is nothing in the account to show what that is for?

Mr. HUTCHESON: There is nothing in the account to show what that is for?

Mr. PARKER: No, it does not say. It is simply a payment to him, not necessarily a payment made to him personally, the account does not show what it is for.

Mr. HUTCHESON: Is there anything in the letters which you are to produce which shows what that is for?

Mr. PARKER: I do not remember anything.

Mr. HUTCHESON: There is nothing to show that that item has anything to do with a commission paid in respect to this small arms ammunition transaction?

Mr. PARKER: No.

By Mr. Hutcheson:

Q. The next item is a debit item of December 28, 1915, an item of \$169.82, made up of the following items:—

Cost telegrams to Quebec.. . . .	\$ 1 97
½ commission on payments.. . . .	167 85
	\$169 82

—A. Yes.

Q. Then the next is a debit item of date December 29, which reads: “Transferred to Bank of Montreal, Ottawa, for credit of Receiver General for Canada, Militia Department, 986,300 rounds ammunition and 813 boxes to cover same, \$20,927.44.” Then on the 4th of January, 1916, we find a debit item “Payment account 500 Ross bayonets and scabbards plus cost telegrams and commission, \$3,007.74.”

Then, under date of January 11th is a credit item which reads: “Per National Park Bank, \$49,951.”

Then, under date of January 18, is a debit item which reads: “Transfer to Bank of Montreal, Ottawa, for credit Receiver General for Canada, Militia Department, in payment for 1,999,800 rounds cartridges and boxes, \$42,867.82.”

Then comes, under date of January 24, 1916, a credit item which reads: “Per Merchants Bank of Canada for London Joint Stock Bank, \$24,658.” That apparently ends the items of this account relating to the matters herein concerned.

Mr. DEWART: There are two items there which I do not know what they refer to; it does not show very clearly what the debit is.

Mr. HUTCHESON: Do you desire them put in?

Mr. DEWART: Better have them on the record as something may develop later.

Mr. HUTCHESON: We have made up our minds that they do not refer to this matter. The suggestion is now that this item in connection with the Merchants Bank of

A. G. PARKER.

Canada might refer to a Canadian matter. However, if my learned friend wishes, I am perfectly willing to have them go on the record.

Under date March 7th, 1916, we find a debit item, with nothing to show what it is, of \$4,125.00.

Then on March 9th, 1916, we find a credit item which reads "Per Merchants Bank of Canada, order London Joint Stock Bank, \$1,130.42."

(To the witness): You see these set out on this account?

The WITNESS: Yes.

Mr. HUTCHESON: Then, on June 9th, we find that there stands now to the credit of this account, \$68,338.12?—A. Yes.

Q. Have you some letters in your possession relating to these different items which have been referred to?—A. Yes, I gave you those letters, they were in your hands a few minutes ago.

Mr. DEWART: My learned friend, Mr. Hutcheson, and I have agreed as to the letters that should be produced and to score out anything that does not relate to the transactions in question.

By Mr. Hutcheson:

Q. You have looked through these letters, Mr. Parker, and they are all copies of letters as received by you from the agent of your bank in New York?—A. They are all copies that I received this morning accompanying his signed letter.

Q. Accompanying the signed letter which has already gone into evidence?—A. Yes.

Mr. HUTCHESON then read from a letter of date November 30th, 1915, the following:—

Per ss. *Baltic*.

November 30, 1915.

F. ORR-LEWIS, Esq.,

Whitewebbs Park,

near Enfield, England.

DEAR SIR,—With reference to your letter of the 19th instant we have today in accordance with request of J. W. Allison, handed to him our draft on Montreal for \$14,250, in payment for 500 Ross rifles at \$28.50 each, for the cost of which draft, at $\frac{1}{2}$ of 1 per cent exchange, \$26.72, total, \$14,276.72, we debit your Trustee Account No. 2.

We received in exchange a copy of inspection certificate (which we are retaining for our files) together with the enclosed inspection certificate, bill of lading $\frac{1}{2}$ No. and original letter signed by seller of rifles (as per copy only herewith) all purporting to represent a shipment by the Ross Rifle Company from Quebec of 50 cases (said to contain 500 rifles) via Canadian Pacific Railway to West St. John, N.B., and thence by C. P. R. Steamship Line to London, and there consigned to C. A. Searles, care Vickers, Limited, Vickers House, Westminster.

With reference to your stipulation in this and previous credits established, We wish you to withdraw the condition that payment is to be made against Bills of Lading endorsed by Allison. In no instance have the arrangements made by you provided for the name of Allison to appear as shipper; in the case of the recent cartridge shipments, the Bills of Lading have been taken out by Lunham and Moore (as shippers) to their order and endorsed in blank by them, and in the case of the lading herewith, the merchandise is consigned to Searles so that in either event an endorsement by Allison is both unnecessary and useless as far as effecting the negotiable quality of the document is concerned.

[A. G. Parker.]

Under the plan evolved by Allison, and at present operative, payments for the cartridges are, as you know, made under his instructions on presentation of merely an inspection certificate and the Bills of Lading are not received by us until several days later when in order to catch the first outgoing mail steamer, it is usually imperative to send these ladings forward as received, it usually being impossible to get Allison's O.K. thereon, due most often to his absence from the city.

Yours faithfully,

R. Y. HEBDEN,

Agent.

Then comes another letter dated England, 1st December, 1915, from F. Orr-Lewis to the manager of the agency of the Bank of Montreal, New York, which reads:—

ENGLAND, December 1, 1915.

The Manager,

Agency of the Bank of Montreal,
64 Wall Street, New York City..

Private and Confidential.

DEAR SIR,—I beg to inform you that the Admiralty have ordered 500 bayonets and scabbards for the Ross rifles. Our purchase price in this connection is \$6 each, which kindly pay against inspection certificate and bill of lading duly initialled by Colonel Allison.

Also the Admiralty have ordered one million .303 ammunition manufactured in Canada. Our price for this is \$20 (twenty dollars) per thousand rounds. The price of the boxes required for shipment is \$1.47 each, additional to the above \$20 per thousand.

The amount covering this ammunition and boxes is to be paid into the Bank of Montreal to the credit of the Receiver General for Canada and to be credited to the Militia Department account. Colonel Allison will fully instruct you in this connection.

The total amount which the Admiralty is transferring to my credit, for Account No. 2, and from which you will pay items mentioned above, is \$29,448, and included in this is \$22, being the deficiency in connection with the amount previously remitted for the 500 Ross rifles, which amount should have been \$16,250, whereas only \$16,228 was transferred. I will much appreciate your kind attention.

I remain,

Faithfully yours,

F. ORR-LEWIS.

This letter has already been printed in the evidence, but it had better be copied in again.

Then, under date of December 8, there is a letter from J. W. Fisher, agent to F. Orr-Lewis.

Sir CHARLES DAVIDSON: Agent for what?

Mr. HUTCHESON: It is not stated in the letter. Perhaps Mr. Parker can enlighten us as to who J. W. Fisher is.

Mr. PARKER: He is one of the of the sub-agents of the Bank of Montreal in New York; he signs as agent for the Bank of Montreal.

A. G. PARKER.

Mr. HUTCHESON: That letter reads as follows:—

Agency, Bank of Montreal,
New York,

DECEMBER 8, 1815.

F. ORR-LEWIS, Esq.,
Whitewebbs Park,
Near Enfield, England.

DEAR SIR,—We beg to advise at the credit of your Trustee Account No. 2—\$29,457.75 (Twenty-nine thousand four hundred fifty-seven and 75/100 dollars) received from the National Park Bank, New York, by order of Credit Lyonnais, London, England.

Yours faithfully,

J. W. FISHER,
Agent.

Then on December 13, 1915, there is a letter to Mr. F. Orr-Lewis from R. Y. Hebden, agent, directed to him at his English address, which reads as follows:—

Agency, Bank of Montreal,
New York.

DECEMBER 13, 1915.

Per ss. *Nieuw Amsterdam.*

F. ORR-LEWIS, Esq.,
Whitewebbs Park,
Near Enfield, England.

DEAR SIR,—We beg to advise at the credit of your Trustee No. 2. Account, \$26,176 (twenty-six thousand one hundred seventy-six dollars) received from the National Park Bank, New York, by order of Samuel Montague & Company, London, England.

Yours faithfully,

R. Y. HEBDEN,
Agent.

Then, under date December 23, 1915, is a letter from Mr. F. Orr-Lewis to the manager of the agency of the Bank of Montreal, 64 Wall Street, New York, the letter being No. 792, which has already been printed in the evidence, and which I will read again:

(Letter No. 792.)

WHITEWEBBS PARK,
Near ENFIELD, ENGLAND, December 23, 1915.

The Manager of the Agency of
The Bank of Montreal,
64 Wall street, New York.

DEAR SIR,—I am in receipt of your favour of the 8th inst. advising the credit to my Trustee Account No. 2 of \$29,457.75.

I also have you other letter of the 8th respecting the shipment of 100 cases of Winchester ammunition. I understand this still leaves another 200,000 rounds to come forward to complete this contract.

With respect to the 303 ammunition manufactured in Canada, the Admiralty have now transferred a further sum of \$26,176, covering one million rounds of ammunition and 800 boxes. This million is in addition to that mentioned

in the second clause of my letter No. 717 of the 1st December, but the prices are the same as mentioned therein. Also, the amount is to be paid into the Bank of Montreal to the credit of the Receiver General for Canada, Militia Department, wherever their account is kept, and Colonel Allison will give you full particulars about this.

As soon as the payments to cover all the transactions now in hand are completed, I will be glad to have a statement of the No. 2 account, to enable me to send Colonel Allison a cheque to cover his commissions.

I remain,

Faithfully yours,

F. ORR-LEWIS, *Trustee.*

P.S.—I have sent a copy of this letter to Colonel Allison.

You will recollect, Mr. Commissioner, that an explanation was made with reference to that last paragraph in the letter, to the effect that the commissions referred to had no bearing upon any of the Canadian business.

Sir CHARLES DAVIDSON: I recollect that.

Mr. HUTCHESON: Then we have a letter dated December 29, 1915, from R. Y. Hebden, to the manager of the Bank of Montreal, Ottawa, which reads:—

Agency, Bank of Montreal,
New York.

December 29, 1915.

Manager,
Ottawa.

DEAR SIR,—Under instructions from F. Orr-Lewis, of London, England, we confirm credit on our "At Credit advance of to-day of,— \$20,927.44 for account of the Receiver General, Militia Department, in settlement of purchase through Col. J. W. Allison, account C. A. Searles, Vickers, Limited, London, of 986,300 rounds of ammunition and 813 boxes to cover same."

Yours faithfully,

R. Y. HEBDEN,

Agent.

Then, on the same date, December 29, we have a letter again from Mr. Hebden to Mr. F. Orr-Lewis at his address in England, the first paragraph of which I do not read, and the last paragraph of which I do not read, but the rest of the letter is as follows:—

DECEMBER 29, 1915.

Per ss. *Lapland.*

Agency, Bank of Montreal, New York.

F. ORR-LEWIS, Esq.,
Whitewebbs Park,
near Enfield, England.

DEAR SIR,—With reference to the payment for one million cartridges mentioned in your letter No. 717, we presume you will advise us further in this connection regarding the disbursement to be made. As advised you at time of receipt were received on the 8th instant through the National Park Bank of this city, \$29,457.75, which we presume will apply against this payment to be made.

With reference to your letter No. 762 of the 9th instant, we enclose copy of letter to our Ottawa Branch by which you will see that the transfer

A. G. PARKER.

request has been made. The amount transferred you will note is 50c in excess of the sum mentioned in your letter. This action is in accord with instructions from Allison who exhibited vouchers for the larger amount.

Yours faithfully,

R. Y. HEBDEN, *Agent*.

Then, on January 5, 1916, there is a letter from R. Y. Hebden to F. Orr-Lewis, at his English address, which reads:—
Agency, Bank of Montreal, New York.

Per ss. *Baltic*.

F. ORR-LEWIS, Esq.,

Whitewebbs Park,
near Enfield, England.

JANUARY 5, 1916.

Registered.

DEAR SIR,—With reference to our letter of the 4th instant, we now enclose herewith further and remaining negotiable copy of Bill of Lading, purporting to represent the shipment of bayonets and scabbards, for which our Quebec Office have paid \$3,000. This amount has been debited to your Trustee Account No. 2.

Please acknowledge receipt.

Your faithfully,

R. Y. HEBDEN, *Agent*.

Then, on January 10, 1916, there is a letter from Mr. Hebden to Mr. Lewis, which reads:—

Agency, Bank of Montreal,
New York.

Per ss. *Adriatic*.

F. ORR-LEWIS, Esq.,

Whitewebbs Park,
Near Enfield, England.

January 10, 1916.

DEAR SIR,—With further reference to our letter of the 4th instant, we now inclose commercial invoice of the Ross Rifle Company for the 500 bayonets and scabbards, for which our Quebec office paid \$3,000, on your account.

Yours faithfully,

R. Y. HEBDEN,

Agent.

Then, on January 11, 1916, there is a letter from W. A. Bog, signing for the Agency of the Bank of Montreal, New York, to F. Orr-Lewis, Esq., in England, which reads:—

Agency, Bank of Montreal,
New York.

Per ss. *Adriatic*.

F. ORR-LEWIS, Esq.,

Whitewebbs Park,
Near Enfield, England.

January 11, 1916.

DEAR SIR,—We beg to advise at the credit of your No. 2 Account, \$49,951 (Forty-nine thousand, nine hundred and fifty-one dollars), received from the National Park Bank, New York, by order of the Credit Lyonnais, London, England.

Yours faithfully,

W. A. Bog,

Agent.

Then we have a letter of the 12th of January, 1916, from F. Orr-Lewis in England, to the manager of the Agency of the Bank of Montreal, New York, and this letter is headed as private and confidential, and reads:—

(Letter No. 835.)

WHITEWEBBS PARK,

NEAR ENFIELD, ENGLAND,

January 12, 1916.

The Manager,

The Agency of the Bank of Montreal,
New York,

Private and Confidential.

DEAR SIR.—I am in receipt of your letters of the 24th, 28th, and 29th December.

Item A.—Yours of the 24th December advises the payment to the Dominion Government for the 236,000 rounds and the 750,000 rounds of .303 ammunition, making a total of 986,300 rounds, and I perceive the payment you have made is 50c. in advance of the amount before mentioned by me; this was due to an error in the total mentioned on the Canadian Authorities' invoice.

If you will kindly refer to my letter No. 762 on the 9th December, you will note I requested this payment to be made when the amount was transferred, but you will perceive that you have not received the amount covering this specific transaction, and the money which you have disbursed belongs really to one of the other million rounds of ammunition, not that I believe it makes any difference, but the Admiralty appear to be a long time making up their minds to transfer the money for the 986,300 rounds; this will necessitate an adjustment when they do send forward the amount.

Item B.—In my letter No. 792 of the 23rd December, you will perceive I mention the amount of \$29,457.75, which was to cover the purchase by the Admiralty of the following:—

(1) 1,000,000 rounds .303 ammunition at \$25 per	
1,000.....	\$25,000 00
(2) 800 boxes at \$1.47 each.....	1,176 00
(3) 500 bayonets and scabbards for Ross rifles, at	
\$6.50 each.....	3,250 00
(4) Balance due which was short on remittance for	
the Ross rifles.....	22 00
	<hr/>
	\$29,448 00

The actual amount transferred by the Admiralty was \$29,457.75, which was the amount realized by the sterling equivalent, thus leaving a balance of \$975 in excess which is due to the Admiralty.

You advise receipt of the above-mentioned amount in your letter of the 8th December.

Item C.—The remittance \$26,176 as mentioned in your letter of the 13th December was to cover further purchases as follows:—

(1) 1,000,000 .303 ammunition at \$25 per thousand	
rounds.....	\$25,000 00
(2) 800 boxes at \$1.47 each.....	1,176 00
	<hr/>
	\$26,176 00

A. G. PARKER.

Item D.—We are also informed this morning that the Admiralty have transferred the sum of \$49,990.25 which is in payment of the purchase of 2,000,000 rounds of .303 ammunition at \$25 per thousand rounds. In making this transfer they have deducted \$9.75 due to them as mentioned under Item B, above.

We have not yet received the advices that this 2,000,000 rounds has been shipped.

This leaves unsettled, as far as I am concerned:—

- (1) 986,300 rounds of ammunition which you have paid for (as per Item A).
- (2) The boxes covering the shipment of 2,000,000 rounds referred to above under Items B and C.
- (3) The boxes in connection with the shipment of the further 2,000,000 rounds (as per Item D).

When the time arrives to transfer the money to Ottawa to cover the 2,000,000 rounds (Items B and C) as well as the last 2,000,000 rounds (Item D) the latter is not to be paid over until I further instruct you that the goods have arrived here, and we have the invoices covering all the boxes, so that one payment will complete the total of the three items.

I note by your letter of the 29th December that you have paid \$3,000, for 500 bayonets and scabbards, and also I note that they are manufactured under the supervision of the British Government, so that the lack of the inspection certificate will not matter. This payment covers all transactions outstanding with the exception of the amount to be paid as named above.

I am also passing to your credit the cost of cablegram, \$1.95, as well as \$167.85, being the total of your charges, all of which is quite satisfactory.

When the accounts for the boxes arrive and the amount is transferred by the purchasers, I will then be in a position to instruct you as to the payment to Colonel Allison and the balance remaining to the credit of my account.

I remain,

Faithfully yours,

F. ORR-LEWIS.

P.S.—The actual number of boxes covering the shipments received to date exceed those mentioned in items B, C, and D.

Sir CHARLES DAVIDSON: Part of the transaction referred to in that letter was never consummated.

Mr. HUTCHESON: One of the items referred to there, I take it, was never consummated.

Mr. DEWART: There were approximately two million rounds of ammunition that Allison and his associates obtained, that were afterwards transferred to the Admiralty, and they expected then to get two million rounds more. This payment would cover one million rounds they received and another that they expected to receive. There is another remittance of approximately \$25,000 to cover the second million of the two millions that were never received.

Mr. HUTCHESON: That will all appear in the correspondence.

Then comes a letter January 15, 1916, from Mr. Hebden to Mr. Lewis, which reads:—

Agency, Bank of Montreal,
New York.

January 15, 1916.

F. ORR-LEWIS, Esq.,
Whitewebbs Park,
near Enfield,
England.

DEAR SIR,—With further reference to the 500 bayonets and scabbards, for which our Quebec office paid on your account \$3,000 to the Ross Rifle Company, we now enclose receipted bill for this amount.

Yours faithfully,

R. Y. HEBDEN, *Agent*.

Then there is a letter dated January 18, 1916, from Mr. Hebden to Mr. Lewis, which has already been copied in the evidence, but which I think should be copied in again. It reads:—

Agency, Bank of Montreal,
New York.

January 18, 1916.

Per ss. *Finland*.

F. ORR-LEWIS, Esq.,
Whitewebbs Park,
near Enfield, England.

DEAR SIR,—With reference to your letter No. 792, as requested jointly therein and by your letter No. 717 of the 1st ultimo, we are today debiting your Trustee Account No. 2 with \$42,867.82, and transferring this amount to our Ottawa branch for credit of the Receiver General for Canada, Militia Department, in settlement of their voucher No. D 132 handed us by Col. Allison, a copy of which is enclosed herewith, and covers the cost of 999,800 cartridges plus boxing charges.

We also enclose a statement of your Trustee Account No. 2 to date and which with the statements previously furnished you give in detail all transactions to date.

We understand that all payments requested by you to date have been made and all contracts of which we know completed. We will, therefore, be pleased to give effect to your instructions for us to pay a specific amount out of funds at your credit to Col. Allison in settlement of commissions as mentioned by you.

Yours faithfully,

R. Y. HEBDEN, *Agent*.

Then, we have under date of the 24th of January, 1916, a letter from Mr. Hebden to Mr. Orr-Lewis at his English address, which reads as follows:—
Agency, Bank of Montreal, New York.

JANUARY 24, 1916.

Per ss. *Cymric*.
F. ORR-LEWIS, Esq.,
Whitewebbs Park,
near Enfield, England.

DEAR SIR,—We beg to advise at the credit of your No. 2 account, the sum of \$24,658 (twenty-four thousand six hundred and fifty-eight dollars);
A. G. PARKER.

received from the Agency of the Merchants Bank of Canada, New York, which they state is in accordance with instructions received by cable from the London Joint Stock Bank, Limited, London, per A. T. Dawson.

Yours faithfully,

R. Y. HEBDEN, *Agent*.

Sir CHARLES DAVIDSON: Who is A. T. Dawson mentioned in that letter?

Mr. HUTCHESON: I assume it is Sir Trevor Dawson, but I do not know. (To Mr. Parker): Have you personal knowledge of Sir Trevor Dawson?

Mr. PARKER: The reference may be to him and it may not, I do not know.

Mr. HUTCHESON: Assuming that the A. T. Dawson referred to in that letter is Sir Trevor Dawson, what position does Sir Trevor Dawson hold in reference to Vickers Limited?

Mr. PARKER: I understand he is the Vice-chairman of the company. I cannot swear to that, I do not know of my own knowledge. I have also heard he is acting for the Admiralty quite independently of Vickers, but that is mere hearsay. I do not know whether the reference in that letter is to Sir Trevor Dawson or not.

Mr. HUTCHESON: The next is a letter, under date January 28, 1916, from F. Orr-Lewis in England to the manager of the agency of the Bank of Montreal, New York, and it reads:—

(Letter No. 860.)

WHITEWEBBS PARK,

NEAR ENFIELD, ENGLAND, January 28, 1916.

The Manager of

The Agency of the Bank of Montreal,
64 Wall Street, New York.

DEAR SIR,—By this mail I desire to acknowledge receipt of your letters dated 10th and 11th inst. respectively, the former enclosing copy of invoice of the 500 shipment from Quebec and the latter advising that the sum of \$49,951 has been placed to my credit. The actual amount which the purchasers named that they had transferred was \$49,990.25, as stated in Item D of my letter No. 825, dated 12th January. This, therefore, leaves an amount of \$39.25 still owing on Item D, my letter No. 835, which is *not* to be paid until after the shipment arrives, and I have the accounts for the boxes, when we will have no difficulty in arranging it.

I am now advised that the purchasers have transferred the further sum of \$24,658 to the credit of my account, which is in payment for material mentioned in Item A of my letter No. 835. They have not, however remitted for the boxes, which matter can be adjusted as soon as I receive the total box accounts from Westley Roseneath.

I remain,

Faithfully yours,

F. ORR-LEWIS.

Mr. HUTCHESON (to Mr. Parker): Do you know who is Westley Roseneath referred to in that letter?

Mr. PARKER: I do not know anything about him.

[A. G. Parker.]

Mr. HUTCHESON: Then the last letter is dated February 1, 1916, and it is from Mr. Hebden to Mr. Orr-Lewis, who was still in England, and reads:—

Agency, Bank of Montreal,
New York.

FEBRUARY 1, 1916.

Per ss. *Rotterdam*.
F. ORR-LEWIS, Esq.,
Whitewebbs Park,
Near Enfield, England.

DEAR SIR,—With reference to your letter of January 12th, numbered 835, as the transfers when paid to us here for your credit are never earmarked nor any intimation given us at the time of deposit as to what particular transaction it covers, and as in each instance the amounts transferred have been at variance with the amounts mentioned by you as forthcoming, we are not always able to allocate according to your records and as for the payments so far made to the Receiver General's credit, we acted in accordance with our interpretation of your meaning as expressed by your letters to us and the assurance in each instance of Colonel Allison as to the correctness of what we were doing, and which is in line with your idea to have Allison pass on these transactions.

Since the despatch of your letter No. 835 we wrote you on January 18, advising a further transfer in payment of voucher as per copy sent you, which we trust was in order, and as for anything further to be paid we shall await specific and exact instructions from you as to the amounts to be disbursed and would suggest that as on these transfers or payment to the Receiver General no documents whatever are delivered to us, it is advisable that for our part no mention be made as to the voluminous data concerning munitions of which we have no knowledge or concern and which tends only to lead to confusion.

Yours faithfully,

R. Y. HEBDEN, *Agent*.

Mr. HUTCHESON: Then, Mr. Parker, have you any personal knowledge of the matters referred to in the correspondence?

Mr. PARKER: None whatever. I have had no correspondence myself with the agent on the matter.

Mr. HUTCHESON: And so far as the account is concerned, will you tell us how many rounds of ammunition appear to have been provided for on the credit side, just give it approximately.

Mr. PARKER: I should think about five million rounds, so far as I can make out. The correspondence seems to indicate that, but I would not wish to swear to it.

Mr. HUTCHESON: So far as the account appears, which has relation to the matter under inquiry here, approximately how many rounds of ammunition appear to have been paid for and debited.

Mr. PARKER: Approximately two million rounds, so far as I can make out.

Mr. DEWART: There is a considerable credit balance to the credit of that account which more than covers the price of the two million rounds of ammunition.

Mr. PARKER: Yes, \$68,000.

Mr. DEWART: You have no copies of any statements that were sent to Mr. Allison or any person in connection with these accounts. The letters refer to statements; you have no copies of such statements.

Mr. PARKER: No, I have shown you everything I have got.

A. G. PARKER.

Sir CHARLES DAVIDSON: The account is in the name of F. Orr-Lewis, Trustee; can you denote who the trusteeship was for?

Mr. PARKER: No more than anybody in reading these letters could denote it. He claimed it to be an account that he was keeping apparently for the Admiralty, but it was not at all definitely stated. It was subject to his order entirely.

Sir CHARLES DAVIDSON: How are payments made out of it?

Mr. PARKER: By his instructions to an agency in New York apparently, to take instructions in town from Colonel Allison.

Sir CHARLES DAVIDSON: Not by cheques?

Mr. PARKER: Apparently not, not by cheques, no.

Mr. HUTCHESON: Can a Canadian Bank deposit accounts in New York?

Mr. PARKER: Foreign banking corporations in the State of New York cannot keep offices for the purpose of receiving deposits; that is the law.

Sir CHARLES DAVIDSON: You could not keep current accounts.

Mr. PARKER: We keep Canadian current accounts, or marked accounts that are temporary, or accounts that are subject to withdrawals from credit. We are not to rank with the National banks at all as a bank of deposit; we could not invite deposits.

Sir CHARLES DAVIDSON: Mr. Dewart, have you anything further to ask Mr. Parker?

Mr. DEWART: No sir.

Sir CHARLES DAVIDSON: I suggested to you, Mr. Hutcheson, two or three days since, that it might be desirable to communicate with Mr. R. C. Smith, K.C., of Montreal, whose firm apparently represent Vickers and Mr. Orr Lewis. Did you do so?

Mr. HUTCHESON: Yes, Sir Charles, I wrote to Mr. Smith and told him of this hearing here to-day and what we were purposing to bring forward.

Sir CHARLES DAVIDSON: You might read the letter you sent in.

Mr. HUTCHESON: My letter to Mr. Smith was dated, Montreal, the 8th June, 1915, and reads:—

DEAR MR. SMITH,—Permit me to remind you that the Commission sits at Ottawa, on Monday, June 12, at 2 o'clock, to pursue the investigation in respect to small arms ammunition.

It is desirable that you should be prepared, if at all possible, to make some statement, in a form which can be accepted as evidence, as to the cost to the Admiralty.

Believe me,

Yours sincerely,

J. A. HUTCHESON,

Counsel to the Commission.

R. C. SMITH, Esq.,

C/o Canadian Vickers, Limited,
3072 Notre Dame St., East,
Montreal, Que.

I saw Mr. Smith in Montreal on Saturday morning quite early, and he told me that he had received this letter and had replied to me at Brockville, stating that he had not had time yet to get any information on the subject, and if he could succeed in doing so he would advise me. That letter must be at my office in Brockville which I have not been at since.

Sir CHARLES DAVIDSON: Perhaps you could have it here to-morrow.

Mr. HUTCHESON: Perhaps so.

Sir CHARLES DAVIDSON: Could you communicate with Mr. Smith to-day?

Mr. HUTCHESON: Yes, Sir Charles.

[A. G. Parker.]

Sir CHARLES DAVIDSON: Urging him that it is important.

Mr. HUTCHESON: I could telephone him if it is thought desirable.

Sir CHARLES DAVIDSON: Have you anything to suggest in this connection, Mr. Dewart?

Mr. DEWART: So far as this particular inquiry is concerned, I am quite content to leave this matter at present as presented by Mr. Orr Lewis in his very illuminating letter of the 12th of January.

Sir CHARLES DAVIDSON: What in your opinion is the result of that letter?

Mr. DEWART: As I take it the letter shows very clearly the position of the transaction so far as the triumvirate: Sir Trevor Dawson, Mr. Lewis, and Colonel Allison, are concerned. Sir Trevor Dawson is acting through Mr. Lewis or handling the account in New York, and Allison was acting here, and you will see that when Mr. Lewis comes to discuss the items, he says:—

Item B—In my letter No. 792 of the 23rd December you will perceive I mention the amount of \$29,457.75, which was to cover the purchase by the Admiralty of the following:

(1) 1,000 rounds .303 ammunition at \$25 per 1,000....	\$25,000
(2) 800 boxes at \$1.47 each..	1,176
(3) 800 bayonets and scabbards for Ross rifles at \$6.50 each..	3,250
(4) Balance due which was short on remittance for the Ross rifles..	22
	<hr/>
	\$29,448

The actual amount transferred by the Admiralty was \$29,457.75, which was the amount realized by the sterling equivalent, thus leaving a balance of \$9.75 in excess which is due to the Admiralty.

You will also notice that in that letter a calculation is made as to the boxes, and bayonets and scabbards, and the balance due, \$22, as to the Ross rifles.

The effect of this letter, I take it, is to treat that particular million rounds as a closed account, as between him and his associates and the Admiralty, because the only balance that he considers is due to the Admiralty is \$9.75. We have the evidence as to what the Receiver General received. The account shows that the difference was \$5,000, or a profit, which we say, was made at the rate of \$5 per thousand rounds of ammunition.

So, with the next item, C, referred to in that letter. Your lordship will see that the remittance of \$26,176, which was referred to in the second of Mr. Lewis' letters that was filed when he was here—the only two letters we were fortunate enough to have to refresh his memory—he says in this letter:—

Item C.—The remittance \$26,176 as mentioned in your letter of the 13th December was to cover further purchase as follows:

(1) 1,000,000 .303 ammunition at \$25 per thousand rounds, \$25,000	
(2) 800 boxes at \$1.47 each..	1,176
	<hr/>
	\$26,176

This, you will see, makes the exact \$26,176, and though upon the adjustment of the matter it may appear that there was some slight shortage, I think a shortage, if I remember it, of \$13,700, is what may need to be adjusted. My contention is that this letter of Mr. Lewis sufficiently shows that there were two transactions: one, the purchase out of the moneys deposited to his credit in New York from the Department here, and the payment to the Receiver General at the rate of \$20 per thousand,

A. G. PARKER.

and, as evidenced by the very important letter of the 12th of January, his admission that the Admiralty was paying at the rate of \$25 per thousand.

Sir CHARLES DAVIDSON: And what as to the other one million rounds, to complete the three million rounds which they received; do you find anything as to that?

Mr. DEWART: Your lordship, I should have to go over the whole of these accounts, because, as I take it, the transaction was in this way: the last payment that was made in point of time, the \$24,867, they allocated to pay for the nine hundred odd thousand rounds which were the subject of the first two orders by Allison.

Sir CHARLES DAVIDSON: What would that represent per thousand rounds?

Mr. DEWART: I have not figured it out, but it approximately comes to the same amount.

Sir CHARLES DAVIDSON: Twenty-five dollars?

Mr. DEWART: Yes.

Sir CHARLES DAVIDSON: Perhaps you will be able to figure that out this morning?

Mr. DEWART: Yes, I will endeavour to do so. So far as the \$29,000 item is concerned, that is figured out exactly by Mr. Lewis as is the \$26,000 item. But, the subsequent payment of the larger sum, was apparently intended to cover the two million rounds which they never received. That is the view I take of the letter.

Mr. HUTCHESON: I may just remark, sir, that while argument as to the effect of these letters at this stage appears to me to be premature, it is only fair to Mr. Orr-Lewis—

Sir CHARLES DAVIDSON: I do not class the remarks made by Mr. Dewart as essentially an argument. I asked him what result came from the language and figures in that letter and he has told me, and the letter seems to bear out his statement.

Mr. HUTCHESON: Precisely. My learned friend did comment on what appears to be the inference from the figures.

Sir CHARLES DAVIDSON: Is it not a statement more than an inference?

Mr. HUTCHESON: In that regard, it should be said in fairness to Mr. Lewis, that Mr. Lewis told us that the price paid by the Admiralty was fixed without any reference to him whatever, that he did not know how it was arrived at, that his understanding was that it was a bulk sum subject to future adjustment. And he did further tell us, this is only hearsay, that he learned while in England that owing to some confusion or some misunderstanding certain items of freight and cartage were charged up at both ends, and that that was a matter which would have to be adjusted.

Sir CHARLES DAVIDSON: It does seem desirable that Mr. Smith, or someone representing the Vickers Company, should be here in view of these disclosures to-day.

Mr. HUTCHESON: I shall telephone to Mr. Smith at the adjournment, and I shall ask to have possession of that letter in the meantime.

Sir CHARLES DAVIDSON: The Commission is entitled to some statement as to when this evidence will be available.

Mr. HUTCHESON: As to what the ammunition actually cost the Admiralty.

Sir CHARLES DAVIDSON: There should be communication had by cable or otherwise.

Mr. HUTCHESON: I will submit that suggestion to Mr. Smith also. I would also ask to take with me my letter to Mr. Smith.

Sir CHARLES DAVIDSON: Have you any further witness to-day, Mr. Dewart?

Mr. DEWART: No.

Mr. HUTCHESON: There will be witnesses available at ten o'clock to-morrow morning.

Mr. DEWART: Before the court rises, I express the wish that the witnesses who have already been examined on the 13th of May may be present, so that they will be available for cross-examination. I refer to Colonel Macdonald, General Hughes, General Macdonald. My learned friend was proceeding to examine Colonel Macdonald the other day when it was thought desirable that Mr. Orr-Lewis should be examined and that Mr. Allison's examination should be taken in the evening.

The Clerk of the Commission stated that he had communicated with the Militia Department and was informed that General Sir Sam Hughes was absent from the city.

Mr. DEWART: I thought that General Hughes would be available for examination, but I presume the matter will have to be postponed for a day or two.

Sir CHARLES DAVIDSON: It is very inconvenient but it has to be done. I was in hope to conclude this business to-morrow, apart from any cable information that would be necessary to obtain from England.

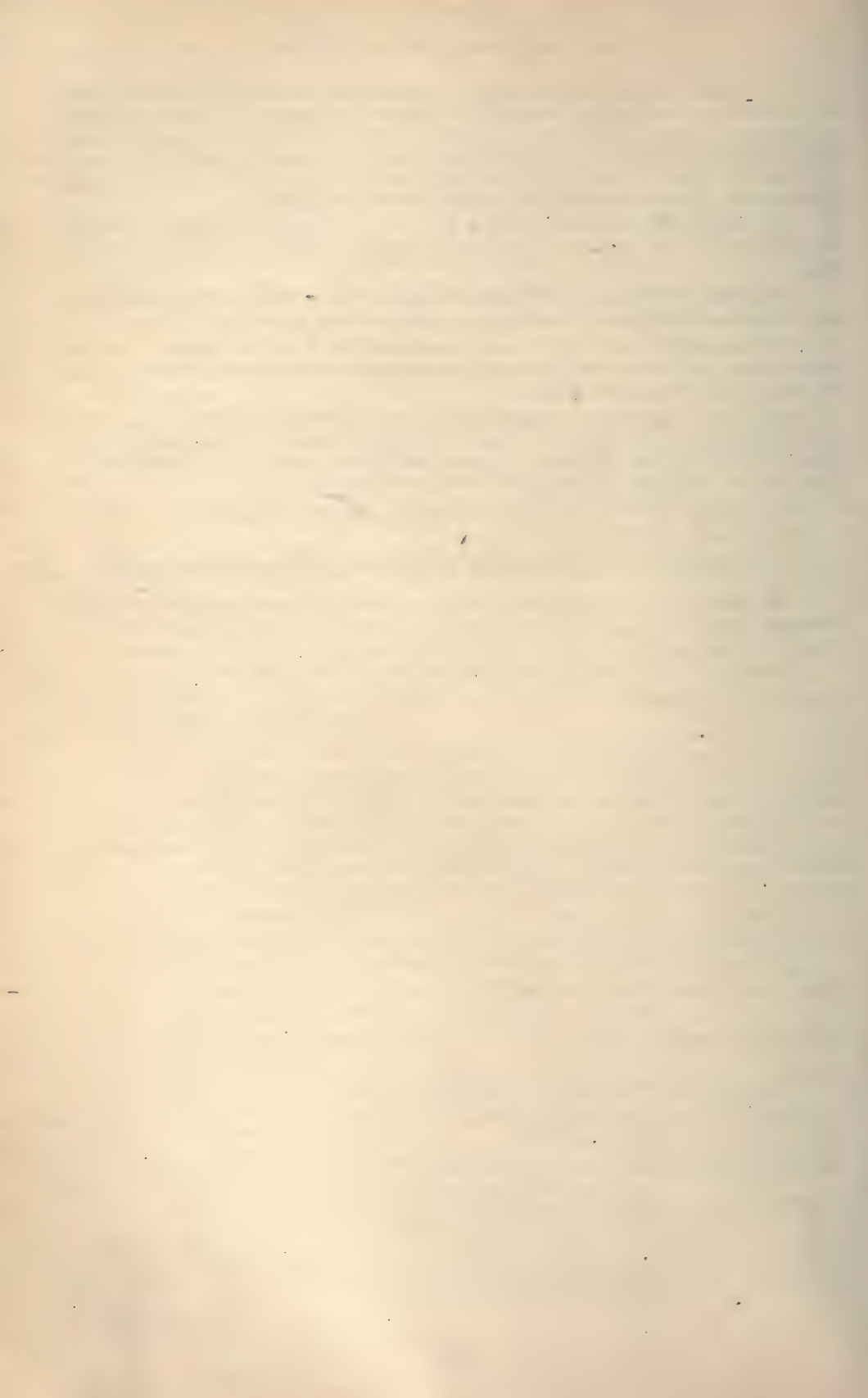
Mr. DEWART: If General Hughes had been in the city that could be done. It is quite possible that there should be a cable to get the information from England. The interest of the Minister of Militia in the matter must be great, and I thought that by this time he would have obtained the information desired.

Sir CHARLES DAVIDSON: You do not want Mr. Allison back again.

Mr. DEWART: Cui bono.

Sir CHARLES DAVIDSON: We can adjourn until ten o'clock to-morrow morning.

(The Commission then adjourned until ten o'clock to-morrow morning, Tuesday, June 13, 1916.)





ROYAL COMMISSION.

OTTAWA, TUESDAY, June 13, 1916.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

J. A. HUTCHESON, K.C., Counsel to assist the Commissioner in the Inquiry.

HARTLEY H. DEWART, K.C., Counsel for the Liberal party.

JOHN FRASER, I.S.O., Auditor General.

THOMAS P. OWENS, Clerk of the Commission.

At the sitting of the commission:

MR. HUTCHESON: Mr. Fraser, the Auditor General, is here, and if there is any other useful information which Mr. Fraser can give the Commission, your lordship may desire to hear him.

SIR CHARLES DAVIDSON: Yes. Mr. Hutcheson, do you know if any representative of the Vickers people or of Mr. Orr-Lewis will be here this morning?

MR. HUTCHESON: There will be no representative of theirs here this morning. I telephoned Mr. R. C. Smith of Montreal, who appeared for Mr. Lewis when he was giving his evidence. I got Mr. Smith after a long delay in Montreal, last evening. He told me that it would be impossible for him to be here to-day, and that if he did come he could not say anything or do anything; that he had written quite some time ago for information as to the cost to the Admiralty of this ammunition. I read him the substance of Mr. Lewis' letter of the 12th of January which was put in evidence yesterday, that is the letter written by Mr. Orr-Lewis to the Agent of the Bank of Montreal in New York, and I expressed my views on the matter, and he said that he would cable this morning to Mr. Lewis; he stated that he could not cable last night because he could not get access to the code.

SIR CHARLES DAVIDSON: I had been in hope that some cable information would have reached us ere this.

MR. HUTCHESON: There should have been time, I should think.

SIR CHARLES DAVIDSON: Ample.

MR. HUTCHESON: When Mr. Fraser was examined formerly, he promised us that he might be able to give us additional information as to the source of his information, and put us on the track of making further inquiries. I will call Mr. Fraser.

JOHN FRASER, I.S.O., Auditor General, sworn:

Mr. HUTCHESON: I see, Mr. Fraser, that when you were being examined on the 23rd of May—your evidence is to be found in the printed report of the evidence, page 45—you were asked regarding the statement of receipts from the Militia Department which you said came to you in the ordinary course of business. You said you had it in your office, and the Commissioner expressed a desire to have it produced; have you that statement?

Mr. FRASER: I have. The office was closed last night when we adjourned, and I have not been able to go there this morning. I had forgotten about it; I have telephoned for it this morning and it will be here.

Mr. HUTCHESON: We may expect it?

Mr. FRASER: Oh yes.

Mr. HUTCHESON: Then, I believe you intimated that you might be able to give us further information, possibly the names of further witnesses, who might be procurable, who would give evidence at a later stage of the inquiry. What is your situation at the present time with regard to that?

Mr. FRASER: There is one matter, Mr. Hutcheson, that was not quite cleared up at the last sitting of the Commission, and I just thought I would mention it before taking up the others. The question of authority to sell the ammunition has not been cleared up. There were a number of Militia Regulations produced by Colonel Macdonald authorizing the sale of ammunition to our own forces. The practice I stated was that I thought that anything of an unusual nature, such as the transaction the Commission is now inquiring into, should be covered by order in council. I just want to show that that practice is recognized. I now produce copies of three orders in council. The first is an order in council, dated the 1st of May, 1916, on the recommendation of the Prime Minister, that a quantity of uniform cloth now on hand be disposed of. They evidently thought it was necessary to have an order in council to authorize that.

Mr. HUTCHESON: Does that order in council give the name of the parties to whom it was to be disposed of to?

Mr. FRASER: No, but it permits them to dispose of it. It was, I believe, blue cloth, which is not used now, and this order in council states:—

P.C. 999.

Extract of O.C., May 1, 1916.

MILITIA AND DEFENCE:

The Committee of the Privy Council have had before them a report, dated 27th April, 1916, from the War Purchasing Commission, stating that the Department of Militia and Defence ask for authority to dispose of certain material for uniform clothing now on hand, at the estimated value of \$22,863.07.

This material consists of scarlet, blue, and green cloth, formerly used for tunics; scarlet, blue and green serge, formerly used for jackets and tunics; and yellow, gray, white and maroon cloth, formerly used for shoulder straps. Attached is copy of memorandum from the Assistant Director of Contracts, giving quantities, also prices originally paid the manufacturers by the Department of Militia and Defence.

Owing to the universal adoption of khaki material for the clothing of the troops, these above-mentioned cloths and serges have become obsolete and useless for our military purposes. They have been kept in stock for about two years,

and will probably lose in value from the attacks of moths, etc., if they are not soon disposed of. Moreover, they are occupying valuable space.

The above-mentioned proposal is concurred in by the quartermaster general.

The Committee, on the recommendation of the Prime Minister, advise that the requisite authority be granted accordingly.

RODOLPHE BOUDREAU.

Mr. DEWART: That, I take it, refers to the disposal of these articles for other than militia purposes.

Mr. HUTCHESON: This was material which would not be disposed of to any person, other than for the use of the troops, without some special authority.

Mr. FRASER: I suppose so. There is another order in council of the 24th of May, 1916, which reads:—

P. C. 1100.

Extract of O. C., 24 May, 1916.

MILITIA AND DEFENCE:

The Committee of the Privy Council have had before them a report, dated 2nd May, 1916, from the Right Honourable the Prime Minister, for the Minister of Militia and Defence, stating that the Department of Militia and Defence owns some forty Ford cars (used at several places set forth hereunder) which have become very much worn:—

Military District.	No. of "Ford" Cars For Sale.	No. of Cars Recommended to be Sold.	Remarks.
Headquarters, Ottawa... ..	4	4	Recommended to be sold.
M. D. No. 1, London, Ont.	2	2	" "
M. D. No. 2, Toronto, Ont.	9	9	" "
M. D. No. 3, Kingston, Ont.	3	3	" "
M. D. No. 4, Montreal, Que.	6	5	" "
M. D. No. 5, Quebec, Que.	11	11	" "
M. D. No. 6, Halifax, N.S.	3	2	" "
M. D. No. 10, Winnipeg, Man.	2	2	" "
M. D. No. 11, Victoria, B.C.	1	1	" "
M. D. No. 13, Calgary, Alta.	1	1	" "
	<hr/> 42	<hr/> 40	

It is desired that two cars be retained.

The Minister, after careful investigation, considers that it will be in the public interest to sell these cars by public auction, or by public tender, to the highest bidder, rather than to have them overhauled and repaired, and he recommends that he be empowered to so dispose of them.

The Committee concur in the foregoing recommendation and submit the same for approval.

F. K. BENNETTS,

C. P. C. Assistant.

Mr. HUTCHESON: Of course, these Ford cars were never intended for any purpose except actual use by the Militia Department; it was never contemplated that they should under any circumstances be disposed of in any way except by some special authority.

[John Fraser, I.S.O.]

Mr. FRASER: I suppose so. I produce an Order in Council dated the 6th of June, 1916:—

P. C. 1344.

Extract of O. C. 6th June, 1916.

The Committee of the Privy Council have had before them a report, dated 31st May, 1916, from the Right Honourable Sir Robert L. Borden, for the Minister of Militia and Defence representing that there was a large quantity of part worn ankle boots before the Parliamentary Committee in 1914-15, that these boots, on the conclusion of the inquiry, were returned to the Ordnance Depot at Toronto, and repairable ones were repaired.

The Minister states that the soldiers to whom these boots should have been re-issued when repaired have gone overseas and that the total number is 493 pairs.

The Minister observes that these boots could be sold by auction; that the Officer in Charge of Internment Operations has made an offer of \$2 per pair, which the Quartermaster General reports is a fair price, and, in all probability, more than the Department would receive if the boots should be sold by auction.

The Minister, therefore, recommends that he be empowered to sell to the Officer in Charge of Internment Operations the 493 pairs of boots referred to, at \$2 per pair.

The Committee concur in the above recommendation and submit the same for approval.

RODOLPHE BOUDREAU,

C. P. C.

It will be noted that this is not a sale to an outside party at all; it is a sale from the Militia Department to the Department having charge of the interned prisoners, and even for that purpose it appeared that an Order in Council was required.

Mr. HUTCHESON: But there again we have authorized the sale of things which would never, under any circumstances, be disposed of, except by special authorization. These three instances which you give appear to be in that class, do they not—that it would be quite exceptional to apply them to any other purpose except to the use of the Militia; they all appear to be in that class.

Mr. FRASER: They are in the same category as the ammunition.

Mr. HUTCHESON: Of course, that is somewhat debatable. We all know that large quantities of ammunition have been sent overseas, and we have no appearance of any Order in Council regarding that.

Mr. FRASER: I am not aware of that.

Mr. HUTCHESON: You are not aware that any ammunition was sent overseas.

Mr. FRASER: Yes, it was sent overseas, but it was sent for the use of our troops.

Mr. HUTCHESON: Was there any authority for that?

Mr. FRASER: It was not necessary.

Mr. HUTCHESON: In your view it was not necessary, but at all events there was no authority for it.

Mr. FRASER: That is an issue from the stores for the use of our own troops, the same as clothing and rifles—are issued.

Mr. HUTCHESON: Was any ammunition sent overseas except for the use of our own troops at the front?

Mr. FRASER: With the exception of these sales that are being inquired into, I do not know of any. Of course, they could send it away without my knowledge.

[John Fraser, I.S.O.]

Mr. HUTCHESON: That would not necessarily come under your observation.

Mr. FRASER: Not unless there was a financial transaction in connection with it. I may say with reference to that sale of 15,000 rifles sold to the New Zealand Government in 1913 for one dollar each, they were sold on the authority of an Order in Council.

Mr. HUTCHESON: That was in 1913?

Mr. FRASER: Yes.

Mr. HUTCHESON: Our difficulty apparently is to know exactly where to draw the line between the power and authority of the Militia Council, and the matters as to which an Order in Council should be procured. Is there any tangible and definite rule that we can put our finger on which defines that distinction?

Mr. FRASER: I do not know of anything, except that no Department should dispose of or give away the property of the Crown without obtaining some authority other than the authority of the Department itself.

Mr. HUTCHESON: Which comes back to the opinion of the individual, as to whether a particular transaction falls within what you say is the custom.

Mr. DEWART: That is not what Mr. Fraser said.

Mr. HUTCHESON: I am asking him a question.

Mr. FRASER: If the principle I have stated is correct then it is not a matter of individual opinion.

Mr. HUTCHESON: You may hold the opinion that a particular transaction should be authorized by Order in Council, and some other gentleman may hold an opposite view; there is no rule in law, there is nothing crystallized into definite shape to say which opinion would be right.

Mr. FRASER: If such a question arose, it would, no doubt be referred to the Department of Justice, to see which would be correct.

Mr. HUTCHESON: The necessity for referring it to the Department of Justice illustrates what I say; that it apparently is not a matter of any absolute well-established, well-defined custom, but a matter in which opinions may differ, and honestly differ, is that not so?

Mr. FRASER: I suppose that on mostly any subject different persons might hold different views.

Mr. HUTCHESON: Hardly that. We have many subjects upon which there are specific laws to define exactly what the rights of individuals and their duties are, but here we have a lack of that definition, with regard to rights and duties and powers. I do not need an answer to that, it is obvious. In the absence of any definite rule on the subject, it comes down to an honest difference of opinion, honest, no doubt, as to whether a particular thing should be authorized by Order in Council or not.

Mr. FRASER: It was my opinion, and it is my opinion still, that this sale of ammunition should be authorized by Order in Council.

Mr. HUTCHESON: Your opinion you have a right to, and we are glad to have the benefit of it, but there certainly may be an opposite opinion honestly held.

Mr. DEWART: Do you refer to the action of the Minister in asking for an Order in Council?

Mr. HUTCHESON: No, but the evidence given by a witness that an Order in Council was not necessary.

Mr. FRASER: I am not aware of that.

Mr. HUTCHESON: Colonel Macdonald-expressed that opinion.

JOHN FRASER, I.S.O.

Mr. DEWART: No, as I recollect it, Colonel Macdonald simply gave us the regulations, and he was careful also to confine his expression of opinion about matters which were covered by regulations.

Mr. HUTCHESON: May I take up time to correct my learned friend?

Sir CHARLES DAVIDSON: I do not think it is necessary.

Mr. HUTCHESON: Because I know I am right.

(To the Auditor General): You have something else you wish to tell us about?

Mr. FRASER: Yes, it is in reference to obtaining definite information as to the price at which the ammunition was sold to the Admiralty.

Mr. HUTCHESON: Yes.

Mr. FRASER: After the meeting of the Commission held on the 25th of May, I was desirous to obtain the information from the Admiralty, and knowing that the proper channel to obtain it through was through the Governor General's office, I wrote the following letter to Colonel Stanton, the Governor General's Secretary:—

May 26, 1916.

SIR,—In connection with the investigation into the sale of approximately 3,000,000 rounds of small arms ammunition, which it was alleged had been sold to Vickers, Limited, London, it was shown by Mr. F. Orr-Lewis that the sale had been made to the British Admiralty.

It is important that I should know the price paid by the Admiralty and therefore, I have the honour to request that you will be kind enough to obtain this information for me.

I would like to know if the price was f.o.b. Canada and if the Admiralty paid all such charges as insurance, freight, etc.

If you can obtain this information officially from the Admiralty for me, I shall be very much obliged.

I have the honour to be, sir,

Your obedient servant,

Lt.-Col. E. A. STANTON,
Governor General's Secretary,
Ottawa.

J. FRASER,
Auditor General.

I received the following reply from Lieut.-Col. Stanton, Military Secretary to His Excellency, dated Government House, Ottawa, 3rd June, 1916:—

Sir,—In accordance with your letter of 26th May, 1916, His Royal Highness telegraphed to the Colonial Office on the 27th instant in the following terms:—

"Respecting reported sale of three million rounds rifle ammunition and as a sworn statement has been made that ammunition was for Admiralty, I am asked by the Auditor General to ascertain what price was paid by Admiralty and if price was f.o.b. Canada, and whether Admiralty paid all charges for freight, insurance, etc.

ARTHUR."

to which the following reply was received on the 3rd June:—

From Colonial Secretary to the Governor General.

I reply your telegram 27th May the price was twenty-five dollars per thousand f.o.b. Admiralty paid all charges for insurance and carriage.

BONAR LAW."

I have the honour to be, sir,

Your obedient servant,

The Auditor General,
Ottawa.

E. A. STANTON, Lt.-Colonel,
Military Secretary...

[John Fraser, I.S.O.]

Mr. HUTCHESON: I observe that the cable message from His Royal Highness to the Colonial Office speaks of a reported sale of three million rounds of rifle ammunition. Can you say whether or not there was any more rifle ammunition sold, excepting these three million rounds we have had under consideration?

Mr. FRASER: Sold by whom?

Mr. HUTCHESON: Sold by the Militia Department.

Mr. FRASER: I am not aware of any more.

Mr. HUTCHESON: Would you be in a position to say positively that there was none other sold? My reason for asking is, that you will appreciate that this cablegram from His Royal Highness does not very definitely identify the three million rounds rifle ammunition transaction.

Mr. DEWART: Is there a suggestion that there was a rake-off on another three million rounds?

Mr. HUTCHESON: We want to be sure, if we can, that there can be no possible confusion about the transaction.

Mr. FRASER: I do not know any more than what that letter says.

Mr. DEWART: Bonar Law evidently was able to identify it, or I think he would not have given that answer.

Mr. FRASER: There can be no doubt that he appears to have an understanding of what it refers to.

Mr. HUTCHESON: And the point I want to clear, for the sake of precaution, is as to whether there was any other similar transaction with which this could be confused.

Mr. FRASER: I know of none.

Mr. HUTCHESON: Have you been able to learn what these charges amounted to for freight, insurance, and presumably cartage?

Mr. FRASER: No, I did not try.

Mr. HUTCHESON: Have you made any inquiry in that regard?

Mr. FRASER: No.

Mr. HUTCHESON: Have you any further information at all to give us regarding the point in question, the price to the Admiralty?

Mr. FRASER: Yes, there is Mr. Lewis' letter.

Mr. HUTCHESON: We have that already in evidence, I refer to information that is not yet in evidence.

Mr. FRASER: No.

Mr. HUTCHESON: You know of nothing else that is not in evidence?

Mr. FRASER: No.

Mr. HUTCHESON: I presume you have had an opportunity, Mr. Fraser, of looking over Mr. Lewis' letter of the 12th of January, 1916; you have examined the statement which was produced by Mr. Parker, the local manager of the Bank of Montreal.

Mr. FRASER: I made a brief examination of it.

Mr. HUTCHESON: Have you been able to make any analysis of the figures contained in it?

Mr. FRASER: No, I had no copy of it last night.

Mr. HUTCHESON: From the brief examination you made of it with Mr. Dewart and I yesterday, did you form any conclusion regarding the position in a general way? For instance, we see that there was a balance of \$68,000 to the credit of that account.

Mr. FRASER: The conclusion I came to in connection with that, whether rightly or wrongly, and I could not be positive without further examination, is that deposits amounted to \$130,242.75—

Mr. HUTCHESON: You are speaking of deposits in connection with this ammunition.

JOHN FRASER, I.S.O.

Mr. FRASER: Those marked by Counsel on examination of the account as being relevant to the matter. I am referring to them. I made a calculation: 5,000,000 rounds of ammunition at \$25 per thousand would be \$125,000. 800 boxes, is mentioned as being the number of cases which contain a million rounds, at \$1.47 per box, and therefore 4,000 boxes would contain 5,000,000 rounds, which at \$1.47 per box amounts to \$5,920, giving a total of \$130,920 and the deposits were \$130,242.75.

Mr. HUTCHESON: Of the 5,000,000 rounds only 3,000,000 rounds were actually delivered.

Mr. FRASER: Approximately 3,000,000 rounds.

Mr. HUTCHESON: The 2,000,000 rounds remaining at \$25 per thousand would come to \$50,000. I refer to the 2,000,000 rounds which were paid for by the Admiralty to Mr. Lewis.

Sir CHARLES DAVIDSON: Where do you find that?

Mr. HUTCHESON: In the statement. The money was paid in for all of the 5,000,000 rounds.

Sir CHARLES DAVIDSON: Point that out to me.

Mr. DEWART: I think the letters cover that.

Mr. HUTCHESON: There is no doubt about that. Do you not find that to be the fact, Mr. Fraser.

Sir CHARLES DAVIDSON: Point it out to me, Mr. Hutcheson.

Mr. DEWART: To identify the whole of the payments, your lordship will have to read the letter of the 28th of January, which shows the payment of \$26,000 odd, and the letter of the 12th January showing that the payments were made, that one being apparently applied as to Item A—your lordship will see the point. In the letter of the 12th of January your lordship will observe that Item A is left open, so far as the question of payment is concerned, because Mr. Lewis says: "The Admiralty appear to be a long time making up their minds to transfer the money for the 986,300 rounds: this will necessitate an adjustment when they do send forward the amount." In Item B, he deals with the \$29,000 item, out of which 1,000,000 rounds were paid for. In Item C, he deals with the remittance of \$26,976 allocating that to another million rounds. In Item D, he deals with the 2,000,000 rounds of ammunition which they never got.

Sir CHARLES DAVIDSON: What are you reading from now?

Mr. DEWART: The letter of the 12th January, at page 3. As to the first 986,300 rounds, your lordship will have to look to the letter of the 28th of January to find payment for that, for though it was the first item in Mr. Lewis' calculation, it is the last one paid for. Item B covers the second million, Item C is the third million, and Item D, the payment of the \$49,990, covers the two millions for which application was made, but which never was delivered, so that the letter of the 12th January is complementary of the letter of the 28th of January.

Mr. Hutcheson: The two million rounds which were never delivered, and which had been paid for by the Admiralty, so far as the price of the ammunition is concerned, amount to about \$50,000.

Mr. FRASER: There is a slight difference in the figures, which may be caused by the exchange.

Sir CHARLES DAVIDSON: There is a difference in the figures, and as the Auditor General suggests, it appears to be reasonable to assume that that may be a question of exchange.

Mr. HUTCHESON: There should be an allowance for boxes in connection with the two million rounds which the Admiralty paid for and did not get.

Mr. FRASER: Yes.

[John Fraser, I.S.O.]

Mr. HUTCHESON: I direct your attention to this, that in that balance of \$68,000 we find included this sum of approximately \$50,000 payment in advance by the Admiralty for the two million rounds that they have never yet received, and we find a further sum of approximately \$15,000 representing what appears to be an advance on the price paid by the Admiralty over the price paid to the Militia Department; is that not correct?

Mr. DEWART: It looks as if the money had not been distributed yet.

Mr. FRASER: I think Mr. Hutcheson's statement is reasonable.

Sir CHARLES DAVIDSON: Let us be precise. Is it precise to say that the deposit of money by the Admiralty to the credit of account No. 2 is a payment; is it not a deposit?

Mr. HUTCHESON: I will correct the expression.

Sir CHARLES DAVIDSON: What does the Auditor General say about it. My observation at the moment would be that it was a deposit to the credit of Frederick Orr-Lewis as trustee, to be drawn against.

Mr. HUTCHESON: That is a fair inference.

Mr. FRASER: It would depend on the terms of the trusteeship.

Mr. HUTCHESON: Let us return to the point I was endeavouring to make, if I may—we find among the deposits in this account to the credit of Mr. F. Orr Lewis a sum of approximately \$15,000 which would represent an advance in price over that which the Militia Department received and that which was to be paid by the Admiralty, is that right?

Sir CHARLES DAVIDSON: There is no specific sum of \$15,000 mentioned.

Mr. HUTCHESON: Not specifically mentioned, but in the arithmetic of the matter we find \$68,000 of a balance, and from that deduct your \$49,000 odd or approximately \$50,000.

Mr. FRASER: That would leave a balance of \$18,000.

Mr. HUTCHESON: And from that deduct approximately \$3,000 for payment of boxes on the last two million lots which have never been delivered.

Mr. FRASER: That leaves \$16,000.

Mr. HUTCHESON: How is that \$16,000 made up, that is the question I am asking?

Mr. FRASER: I cannot say.

Mr. HUTCHESON: Would not that just represent the difference of \$5 per thousand between the price paid to the Militia Department and the price paid or to be paid by the Admiralty.

Mr. FRASER: \$5 a thousand on 3,000,000 rounds would be \$15,000.

Mr. HUTCHESON: In other words, would it not be manifest that this difference is in that trust account and has not yet been either distributed or given back to the Admiralty or disposed of in any way?

Mr. FRASER: It is apparently still in that trust account.

Mr. HUTCHESON: Did you analyze the rest of the account?

Mr. FRASER: No, but we took the items. Taking that view of it the money would appear to be there, but I would not like to say that it is.

Mr. HUTCHESON: I have only suggested that to you this morning and you may want time for reflection, but no other view appears to be tenable. Are you not satisfied that that difference of \$15,000 approximately was \$5 per thousand, or \$5 per thousand is still in that trust account, not paid over to the Admiralty, not paid over to anybody.

Mr. FRASER: I would not like to express an opinion on that.

JOHN FRASER, I.S.O.

Mr. HUTCHESON: But can you suggest any other explanation of the presence of that money, having regard to the fact that we picked out of the account all of the items relating to this ammunition?

Mr. FRASER: I think you would have to ask Mr. Orr-Lewis for an explanation of that. He has explained already that there was an adjustment to take place.

Mr. HUTCHESON: Perhaps you would like to give that matter a little further thought, you can look at the statement and give us the benefit of your opinion later.

Mr. FRASER: It is a complicated matter; I do not want to express an opinion on it.

Mr. HUTCHESON: We will give you access to the statement which is on file here.

Mr. DEWART: Are you aware of any other similar transaction about three million rounds of ammunition that could be confused with this?

Mr. FRASER: No, I do not know of any other.

Sir CHARLES DAVIDSON: The letter to His Royal Highness was specific.

Mr. DEWART: Yes, my lord.

Sir CHARLES DAVIDSON: The cable to England was less so.

Mr. DEWART: But I take it that the cable sufficiently earmarked this transaction and the reply from the Right Hon. Bonar Law sufficiently indicates that he understood the object of the inquiry.

Sir CHARLES DAVIDSON: At the moment I am without doubt.

Mr. DEWART: Referring to the letter of January 24, it shows that the first delivery was paid for last, that is for the 986,000 rounds.

The witness retired.

Colonel J. FRASER MACDONALD, Principal Ordnance Officer, already sworn, recalled.

(The examination of Colonel Macdonald was resumed.)

Mr. HUTCHESON: Before I proceed with your examination, Colonel Macdonald, may I ask if you happen to know what Sir Trevor Dawson's initials are; is it A. T. Dawson?

Colonel MACDONALD: I know nothing about him at all.

By Mr. Hutcheson, K.C.:

Q. Colonel Macdonald, when you were examined on the 23rd of May you were being asked by Mr. Dewart, in regard to page 75 of the printed report, in reference to the last item on the first page of the précis, with which you supplied us, and which is found at page 133 of the return. The item is \$29,914, Squad. B. Horse; and you suggested there was some doubt in your mind as to whether that item was correctly entered on your list. You wanted to look into it, have you done so?—A. Yes. I find that the typist incorrectly transcribed the telegram which came to me. The correct item should be 5,000 rounds of ammunition, for which they paid \$25 per thousand; that is gallery practice Mark II.

Q. Suppose you read us the item, as it should be, from the beginning; is the date correct, the 29th of September, 1914?—A. Yes, on the 29th of September, 1914, "to the officer commanding A. Squadron 20 Border Horse, 5,000 rounds gallery practice, Mark II, cartridges, \$25, paid."

Q. And the total carried out is what?—A. The amount is 5,000 rounds of gallery practice cartridges, Mark II, \$25.

[Colonel J. Fraser Macdonald.]

Q. And what we had before us were the figures "25,000?"—A. Yes, there was a figure "2" incorrectly inserted before the "5,000"; it should be 5,000 rounds at \$25 per thousand, which amounts to \$125.

Q. That completes your correction, does it?—A. Yes.

Q. Have you found any other rules or regulations touching the need of Orders in Council or the powers of the Militia Department regarding the sales of ammunition, in addition to what you have already given us?—A. No.

Q. We may take it that you have given us all that is available on that matter?—A. Yes. There may be more, but I cannot find it.

By Mr. Dewart, K.C.

Q. Have we before us the back and front covering of the file you produced? What I mean to say is this—I understand it is the custom in most of the departments to have a short index at the outside of each file to indicate what letters are in the file. As a letter is filed it is noted on the outside.—A. There is nothing of that kind on the files with us. The correspondence that comes in is placed in the file by the central registry who pass it to the department concerned, and it is minuted on the outside of the jacket to whom it goes, and it passes through each branch, from one branch to the other, by minutes on the outside of the jacket.

Q. So that there is no way in which it would be possible to tell whether the file which you have is complete or not?—A. There is no way to tell except that the file, as a rule, is paged.

Q. My reason for asking was that there are references to letters which may have been personal correspondence or communications, perhaps verbal, but there are references to dates as to which there do not appear to be any correspondence produced to account for the dates; you cannot account for any letters that may be missing?—A. I think any evidence I gave here is all borne out by the files.

Q. Quite so, I am not suggesting that it is not, Colonel Macdonald; will you tell me from whose custody the file is produced, who had the file before you got it?—A. They are all in the central registry; Mr. Chesley is the Chief Clerk.

Q. So that in case you want a particular file you have to send to the central registry?—A. Yes, I send a chit up and it is sent down at once; the chit is a yellow requisition form, initialled.

Q. Was a record kept of complaints made with reference to the Mark VI ammunition or was there a record kept of accidents that occurred in connection with its use?—A. That is a matter as regards which, perhaps offhand I would say, yes, but it would not concern my branch.

Q. And who would have such a record if one was kept?—A. I should think the one would know best about it would be Colonel Helmer, Director of Musketry.

Q. There was a reference in your evidence given on May 23rd, which I do not quite understand. It referred to a difference between the return brought down to the House, in which the Minister's name was put in full, and as my learned friend read it it was in full, and upon the copy which you produce—you will find by looking at page 78 of your evidence; it is a letter from Colonel Helmer of date the 7th of January—referring to Colonel Helmer's letter of the 7th of January, it is marked by the minister "'O.K.' if good," and signed "S.H." Mr. Hutcheson said, "I have the name in full here," and you said: "No, just O.K. if good, S.H." It is wrong in the chief's copy which is the parliamentary return." Is there a duplicate file kept by the minister?—A. No, may I look at the file?

Q. Surely?—A. I find on the file "Folio 23, Headquarters 1402-5-2," the endorsement in the minister's handwriting is: "O.K., if good. S.H."

Q. That is the original?—A. That is the original.

Mr. DEWART: The words "if good" being underlined in the Minister's blue pencil; your lordship will see it is underlined.

Col. J. FRASER MACDONALD.

By Mr. Dewart:

Q. Now, Colonel Masdonald, will you refer to the earliest documents upon the file that are signed by you with reference to this matter?—A. That is the sale of ammunition?

Q. Yes, I think the earliest document is a letter dated Ottawa, the 23rd of September, 1915?—A. Yes, what ammunition sale do you refer to?

Q. I refer to the first 236,000 rounds. That may be a memorandum upon Mr. Allison's letter of the 8th of September; it may be a memorandum endorsed by you upon it; it is put in a note here; it is page 16 of the return to the House?—A. I have not got that.

Q. There is a letter on page 16 of the parliamentary return, being a letter from J. Wesley Allison, under date September 8th, 1915, to General Macdonald, in which he says:—

“Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to C. A. Searles, Vickers House, Broadway, Westminster, London, at the earliest possible moment.”

Then, what I want to call your attention to is this:—There is a memorandum endorsed upon that letter of Allison's, as follows:—

“Spoke to Colonel Helmer who says Mark VI 1912 ringed. 10-9-15.

J. F. M.

S. H.”

Is that “J. F. M.” your personal memo?—A. It is.

Q. So that you, at that time, were cognizant, as well as was General Macdonald, of the objective point to which this ammunition was going?—A. No.

Q. You knew it was going to Vickers House?—A. Yes.

Q. And you also were cognizant of the ammunition that was being sent, namely, 1912 ringed?—A. Yes.

Sir CHARLES DAVIDSON: What is that additional memo on the letter, which says: “I gave issue order 4821 to Montreal to issue at once.”

Colonel MACDONALD: That 4821 is a number in my own office from which I gave the issue order.

By Mr. Dewart:

Q. I want to get at something that has not appeared before—is there anything upon the face of that letter of the 8th of September, 1915, which shows that that passed into the hands of the Minister of Militia and that he was cognizant of its contents?—A. The Minister's initials appear upon the letter.

Mr. DEWART: I want to get what earmarks there are on that letter to show through whose hands it passed, and to show that the officers of the Militia Department, including the General himself, knew the destination, as early as September, 1915, of that first shipment of ammunition.

Colonel MACDONALD: There is a memo on the letter showing the date it was placed on the file and which was the 30th of September, 1915. That is the usual stamp used to show that it was put on the file then.

Mr. DEWART: Will you give me the earlier endorsements or memoranda on that letter, to show the dates on which it passed through any particular person's hands?

By Mr. Dewart:

Q. Will you give me the full memoranda that you find at the bottom of that letter; is that note there in your handwriting: “Spoke to Colonel Helmer, who says [Colonel J. Fraser Macdonald.]

Mark VI, 1912, ringed. J. F. M."; is that in your handwriting?—A. Yes, you will find the letter at page 20 of the printed evidence.

Q. And that is dated the 10-9-15?—A. Yes.

Q. That would indicate that the memorandum was made by you in your handwriting on the 10th of September, 1915?—A. Yes.

Q. Then, the Minister's initials "S.H." appear here—when were these put upon it?—A. I would say that would be placed there before this minute was written.

Q. Before the minute was written by yourself dated 10th September, 1915?—A. Yes.

Q. So that there was no misapprehension in your mind on the 10th of September that this ammunition had been sold to Vickers Limited?—A. There was no doubt in my mind that the ammunition was sold to Sir Trevor Dawson and was consigned to Vickers House, which I presumed rightly or wrongly was the headquarters of the Vickers Limited.

Q. Will you refer to your evidence at page 70 of the printed copy?—A. Yes.

Q. There is a reference there to something connected with the 50,000 rounds of ammunition that were sent to the Savage Arms Company for the purpose of testing guns that were being made for Canada's use, you recollect that correspondence?—A. Yes.

Q. At the top of page 70 there is a memo, 3-11-15, that would be the 3rd of November, 1915?—A. Yes.

Q. That memo says:—

3-11-15.

M.G.O.

Shipped on 12th instant routed as arranged by Company's agent.

J. F. MACDONALD, Lt.-Col.

for Q.M.G.

Do you know who the Company's agent was?—A. If my memory serves me rightly it was Mr. Barker.

Q. That was not an Allison transaction?—A. Oh, no.

Q. Do you know anything, Colonel Macdonald, as to the price of good ammunition in England, ammunition similar to the .303 Mark VI?—A. No, I know nothing about the prices of ammunition.

Q. Who would give us information as to the comparative prices in England and Canada, for example, do you know what was the price at which ammunition was furnished for the use of the Lee-Enfield rifles?—A. I cannot give information as to that, and I do not know who could.

Q. Has ammunition suitable for the Lee-Enfield rifle been purchased for the use of the Canadian Militia within recent years?—A. Mark VI ammunition was supplied for the Lee Enfield rifles, but we have not purchased any in England so far as I know for a great many years.

Q. I am not familiar with the class of ammunition that would be suitable for the Lee-Enfield rifles or which would be comparable with Mark VI, but what I want to know is: is there anyone in the Department who would know the cost or the fair price of ammunition in England, which would be comparable to Mark VI, that is, if it was good ammunition?—A. The only one I can think of who might know would be General Elliot, and whether he knows or not I cannot say.

The witness retired.

Col. J. FRASER MACDONALD.

General H. M. ELLIOT, Master General of the Ordnance, sworn and examined.

By Mr. Hutcheson:

Q. What is your official position in the Canadian Militia?—A. I am Master General of the Ordnance at Militia Headquarters.

Q. And when we encounter the initials M. G. O. on those various documents, that means you?—A. That means me.

Q. I think you have been connected with the Ordnance Department for a number of years?—A. No, artillery, not ordnance. That is a misnomer. The Master General of the Ordnance has nothing to do with the Ordnance Corps. I am Artillery and Engineer Service within which is brought the Small Arms Inspection Branch.

Q. You have had to do with the inspection of small arms and small arms ammunition?—A. The inspection department is in my branch.

Q. I suppose you became acquainted in the course of your official duties with small arms ammunition known as Mark VI?—A. I did.

Q. How far back does your acquaintance with that ammunition extend?—A. When I was in Ottawa before in 1911, I became acquainted with that ammunition.

Q. It was part of your duty to inspect that ammunition?—A. Not to inspect, merely as regards the consideration of patterns and providing it.

Q. Have you had, yourself, General Elliot, actual experience with Mark VI ammunition in use?—A. I had five months daily experience with this ammunition at Camp Hughes, last year, that is, in the summer of 1915.

Q. Of what year's issue?—A. What is brought home to me more than any other is the issue of 1910.

Q. Why do you say that was brought home to you more than any of the other issues?—A. I selected it for one or two matches we had.

Q. Had you any reason for selecting it in preference to other issues?—A. The principal reason was that it appeared to be more reliable than some other ammunition we had in camp.

Q. Can you specify these other issues which you thought did not compare favourably with it?—A. Not exactly, but I should say 1909, 1911, and 1912. I cannot say exactly, but 1910 is more in my mind than any other, because I took an interest in this musketry practice.

Q. And during these five months of musketry practice, can you tell us approximately how many thousand rounds of 1910 ammunition were used?—A. I regret to say I do not know, but there were thousands of rounds.

Q. Many thousands?—A. Many thousands.

Q. How large was the force?—A. Up to 10,000 men.

Q. Practicing daily?—A. Practicing daily.

Q. At targets?—A. At targets. We just touched the 10,000 mark in men in camp.

Q. Give us the benefit of your experience of 1910 Mark VI ammunition as tested in the light of actual practice?—A. I used to attend the ranges every day, and in the course of my rounds I invariably inquired how the ammunition was doing. I am not speaking absolutely of 1910 now, but the ammunition which we had, Mark VI, included the 1910. I cannot say offhand how much of it was 1910. On no occasion was it reported to me that there were any accidents. On several occasions I heard of blow-backs, but it in no way hindered the training.

Q. Technically speaking, what is a blow-back?—A. At the base of the cartridge is a percussion cap. This cap had become from time to time, especially in this particular ammunition, loose. That is to say, there had been scored on the side of the cap chamber a little tool mark which enabled the gas from the cordite to come out backwards through the cartridge. That is objectionable because a considerable amount of gas, not smoke, may come back and inconvenience the men.

Q. Is there any danger to the marksman?—A. I have never found any in my experience.

[General H. M. Elliot.]

Q. You had a number of these blowbacks reported to you?—A. I should say, to the best of my recollection, half a dozen.

Q. In the whole five months?—A. Yes, that is my experience.

Q. I am only asking you for your experience?—A. That is it.

Sir CHARLES DAVIDSON: You have produced here half a dozen cartridges.

General ELLIOT: I have produced one that I brought back with me as being what I considered the worst.

Sir CHARLES DAVIDSON: You produce at the moment seven cartridges?

General ELLIOT: Yes.

Sir CHARLES DAVIDSON: Are any of those ringed?

General ELLIOT: No, sir.

Sir CHARLES DAVIDSON: Was any of the ammunition that you used in camp ringed?

General ELLIOT: A little, I cannot tell you how much; I think it was some 1912.

Sir CHARLES DAVIDSON: Was it visually inspected?

General ELLIOT: By Colonel Harston, yes.

Sir CHARLES DAVIDSON: Before you used it?

General ELLIOT: Yes, before they issued it in Quebec.

Sir CHARLES DAVIDSON: That is not done in all cases.

General ELLIOT: You say "inspected"; he only inspects a proportion of it.

By Mr. Hutcheson:

Q. What proportion of it?—A. What I call the first test, there are several tests, the first test is three rounds in a thousand or .3 per cent.

Q. These cartridges which you now produce are of different patterns, I take it that some of them are Mark VII?—A. The pointed bullets are Mark VII.

Q. In what other respects do they differ from Mark VI?—A. They differ in regard to the kind of cordite, the amount of cordite, and the weight of the cartridge.

Sir CHARLES DAVIDSON: Mark VII is a much more powerful cartridge?

General ELLIOT: Yes.

By Mr. Hutcheson:

Q. Had you any Mark VI, 1906, 1907, 1912, in your camp?—A. I had no 1906 or 1907 that was brought to my notice.

Q. You were about to explain to us one incident that happened at Camp Hughes, when you picked up this particular cartridge, what was the trouble with that?—A. The reason I picked this out is that an inspector looks upon it as the worst form of burst. It is a slit case quite close to the base and this occurred in my camp and it was not even brought to my notice, but the cartridge was brought back.

Q. Can you tell by examining it what issue it is, the issue is marked on the base of it, as a rule?—A. I cannot tell what issue it is because the date is marked out in some way, but Colonel Helmer will probably know.

Q. Was that the only instance of a burst which was reported to you?—A. There were about half a dozen not actually reported to me but I found out myself from the musketry officers that there had been.

Q. I understand you to say there were half a dozen blowbacks?—A. Yes, but this one here is a burst. The term "burst" really is applied to the position on the split case of the cartridge. If the split comes quite close to the base it is called a burst; if it comes an inch and a half from the base, or more, it is a split case. The blowback has entirely to do with the cap.

General H. M. ELLIOTT.

Q. This specimen which we have just looked at, in what category is that?—A. That would be a burst.

Q. I asked you if you had any other cases of burst reported to you?—A. Not that I recollect. That was rather a curiosity, and I brought it away with me.

Q. Is there any danger to the marksman when a burst occurs?—A. It would be inconvenient, but I certainly could not admit it would be dangerous. There would be a certain emission of gas from that hole in the cap in the cartridge.

Q. Did any instances of defective ammunition come to your notice in that period at Camp Hughes which you speak of, in which in your opinion there would be danger to the marksman?—A. No.

Q. That has reference to your five months' experience at Camp Hughes, have you had any other practical experience?—A. No other practical experience, sir.

Sir CHARLES DAVIDSON: What is your experience of the 1912 ammunition; were you able to identify it with regard to its use in Camp Hughes?

GENERAL ELLIOT: I have had conversations with Colonel Ogilvie, who I look upon as quite the greatest expert in Canada on the subject, and he assures me there is not much difference between 1910, 1911, and 1912.

By Mr. Hutcheson:

Q. Do you recollect an application made by the Royal Northwest Mounted Police for the supply of Mark VI ammunition?—A. I do.

Q. We have in evidence the letter from Mr. Lawrence Fortescue, at page 23 of the return and page 77 of the printed evidence. That letter is addressed to you and we see a note on it:—

“D.O.M.

For remarks please.

H. N. ELLIOT, B. Gen'l.,

M.G.O.”

That is your signature?—A. Yes.

Q. Who is the “D.O.M.”?—A. The D.O.M. is the Director of Musketry, Colonel Helmer.

Q. And that endorsement means that you handed the letter, signed Lawrence Fortescue, over to Colonel Helmer?—A. Yes.

Q. Then we find at page 24 of the return a letter dated January 7th, 1916, re the memo sent to Colonel Helmer, which is to be found at page 78 of the evidence, in which he said:—

“MASTER-GENERAL OF THE ORDNANCE,

OTTAWA, January 7, 1916.

“Ammunition,
R.N.W.M.P.

“I do not think that under present conditions we should allow any Mark VI ammunition to pass out of the hands of the Department except for defensive purposes, under which the requirements of the Mounted Police might be considered.

2. Mark VI ammunition for old pattern M.L.E. and M.L.M. is the only mark which could be used with safety; Mark VII is very dangerous in old pattern L.E. rifles.

R. A. HELMER, Colonel,

for Chief of the General Staff.”

Do you agree with the statement in that letter?—A. I do.

[General H. M. Elliot.]

Q. Is that your memorandum on the letter?—A. Yes, my memo is underneath, I concur.

Q. I find this memo:—

“Q.M.G.

Passed to you. I concur with C.G.S. and recommend subject to Minister's approval that 500,000 rds. of Mk. VI ammunition be sold to R.N.W.M.P. at the usual price.

H. M. ELLIOT, B. General,
M.G.O.”

Then we have the blue pencil memo. on that which has been so much discussed: “O.K. if good, S.H.”

Mr. DEWART: There is no date. I see there that Colonel Helmer signs for the Chief of the General Staff?

GENERAL ELLIOT: Colonel Helmer is in his department and signs letters for him occasionally, and in that particular he signed the letter for him. The Chief of the General Staff is General Gwatkin.

By Mr. Hutcheson:

Q. Then in reply to Mr. Fortescue's letter, we have your letter of the 21st of January, 1916, which is also printed at page 78, and which reads:—

DEAR MR. FORTESCUE,—In reply to your letter of the 4th January, 1916, I am directed to say that you can have the half a million rounds of Mark VI ammunition at any time. An official intimation is being sent you by the Quartermaster General.

Yours sincerely,

H. M. ELLIOT.

L. FORTESCUE, Esq., I.S.O.,
Comptroller, R.N.W.M.P.,
Ottawa.”

Q. Do you recall that letter?—A. I do, sir.

Q. The next document we have is printed at page 79 of the evidence, it is a document containing quite a number of endorsements, and the first one is by yourself and reads:—

“With reference to letter from Comptroller of R.N.W.M.P. dated 4th January, 1916, and Minister's approval, will you please notify the former, together with particulars as to cost, when and where he wishes delivery, etc.

H. M. ELLIOT, B. Gen'l.,
M.G.O.”

21-1-16.”

Then the next memo. is addressed to the D.O.M. and it is as follows:—

“D.O.M. What ammunition do you recommend should go to R.N.W.M.P.

J. F. MACDONALD,
P.O.O.”

Then you make the memo. to the Q.M.G.:—

“Q.M.G. This is what I intended to convey in my minute 2 of 8-1-16 (F. 23.)

H. M. ELLIOT, B. Gen'l.,
M.G.O.”

The letter F. 23 refers to false file, as was explained before?—A. Yes.

Q. Then Colonel Macdonald made another query:—

“D.O.M. I mean year of manufacture, please?”

J. F. MACDONALD, Colonel,
P.O.O.”

Mr. EWART: Is there any answer to that?

By Mr. Hutcheson:

Q. Is there anything to show that there is any answer on record to that inquiry as to the year of manufacture?—A. Yes. On January 26, there is a memo. from Colonel Helmer to me, and it is to be found on page 80 of the evidence:—

“To M.G.O.,
S.A. Ammunition,
R.N.W.M.P.

It is suggested that advice on the issue of ammunition to the Mounted Police be obtained from C.I., A. & A. Certain issues of D.A. manufacture, Mark VI ammunition were found defective and the C.I., A. & A. will no doubt be able to say which is the most suitable for use by the Mounted Police.

R. A. HELMER, Colonel,
For Chief of the General Staff.

Mr. DEWART: This reply does not state the year.

General ELLIOT: No, he recommends that the C. I. A. & A. be asked.

Mr. DEWART: Was that complied with?

General ELLIOT: Yes, he was asked in my memo. of the 2nd of February:—

H.Q. 1302-5-2.

OTTAWA, February 2, 1916.

From the Master-General of the Ordnance, Canadian Militia,

To the Chief Inspector of Arms and Ammunition, Quebec, P.Q.

Small Arms Ammunition for R.N.W.M.P.

Reference above mentioned subject please note that the Comptroller R.N.W.M.P. desires to purchase from this department 500,000 rounds Mk. VI ammunition for use in Lee-Enfield carbines.

As some of this ammunition is under suspicion, please say what dates of manufacture you would recommend as the most suitable.

H.M.E., B. General,
Master-General of the Ordnance.

Q. Then we have a letter of the 3rd of February, 1916, which is to be found at the bottom of page 81. of the printed evidence, and which reads:—

H.Q. 1402-5-2, A. & A. 4-15-1.

QUEBEC, February 3, 1916.

From the Chief Inspector of Arms and Ammunition, Canadian Militia,

To the Master-General of the Ordnance, Canadian Militia.

Re S. A. Ammunition for R.N.W.M.P.

In reply to your minute of the 2nd instant, I beg to refer you to the report of Colonel Sir H. W. W. Barlow, C.R., and Captain G. Ogilvie, R.A., made on the 19th June, 1913, and particularly to page 46 and Appendix 13..

[General H. M. Elliot.]

You will see that they recommend that all ammunition prior to February, 1908, be destroyed as unserviceable, and that the rest of it should be visually examined for ringing and external scores before firing proof and reissued.

Since then the ammunition of 1910 has been found to be dangerous and should not be used.

When the war broke out we were engaged in the examination and ringing of ammunition dated 1911, 1912, and 1913, but owing to the pressure of work for war services this had to be abandoned.

This report on the ammunition of 1912 was that "except for blow-backs the proof results were satisfactory."

I am therefore of the opinion that if any ammunition is supplied to the R.N.W.M.P. that it should be the ammunition manufactured in 1913.

T. HARSTON, Colonel,

C. I. of A. & A.

Q. That was directed to you?—A. Yes.

Q. No doubt you received it?—A. I received it, sir.

Q. Colonel Harston refers you—he says in that letter: "You will see that they recommend that all ammunition prior to February, 1908, be destroyed as unserviceable, and that the rest of it should be visually examined for ringing and external scores before firing, proof and reissued."

Then he adds: "Since then, the ammunition of 1910 has been found to be dangerous and should not be used."

With regard to that paragraph in the letter as to the ammunition of 1910 being dangerous, have you received any report that any tests had been made?—A. At that time I admit that I was not aware of any dangerous accidents having occurred of any kind with this 1910 ammunition.

Q. Was that the first intimation you received that any examination had been made since the Barlow tests?—A. The first intimation I had that it was dangerous.

Q. Did you inquire any further regarding the statement in that letter of Colonel Harston?—Then there is an endorsement on that as follows:—

Q.M.S. You still have the file. 1913 is the year for ammu. to be issued to R.N.W.M.P. Kindly notify Comptroller as soon as possible H. M Elliot, B. Gen'l, M.G.O. 5-2-16.

Then endorsed again below that there is:—

Spoke M.G.O., said no 1913, says issue 1910, Mark VI. J. F. M., Colonel, P.O.O., 9/2/16.

It was with regard to this memo. that I would like you to give us your explanation?—A. Well sir, I admit I just glanced through that letter, to look for the recommendation as I often do, when very busy, and I just hit on the very last line, 1913. Having got that I satisfied myself that 1913 would be the ammunition. I was called up by Colonel Macdonald on the phone, and I had not the file after this occasion. He called me on the phone or came to see me, I forget which, and in my mind I had it that 1910 was the one ammunition I knew something about. I decided that as there was no 1913 ammunition, 1910 ammunition was the ammunition I would use if I were going to use Mark VI.

Q. Is it a fact that Colonel Macdonald did speak to you and tell you that there was no 1913 ammunition available?—A. Yes, sir.

Q. That is a fact?—A. Absolutely.

Q. Then you concluded that under the circumstances you would direct the issue of 1910 Mark VI ammunition?—A. I did.

Sir CHARLES DAVIDSON: Do I understand you to say, General, that at the moment of this order, you overlooked the fact that in this letter were the words "ammunition of 1910 found to be dangerous."

General ELLIOT: It was found to be dangerous, it had not come home to me; that is to say, I had it in my mind at the time that 1913 was the ammunition recommended as going to be issued, but failing having the 1913 ammunition I took the responsibility of recommending the issue of 1910.

By Mr. Hutcheson

Q. Would it do to leave the Northwest Mounted Police without any ammunition at all, they having applied for ammunition and needing it?—A. Oh, no.

Q. Suppose you had never thought of the 1910 ammunition, and you had it in your mind that 1913 was ordered, and you found that there was no 1913 available, what would have been the proper course for you to take, would you still order 1910 ammunition to be sent?—A. I would, sir. As the head of my department I would have taken the responsibility. The police could not have been left without ammunition, and I knew this 1910 ammunition and had had experience with it. I do not want to make a long statement, but Mr. Fortescue I knew very well, and I was determined that he should have the ammunition I would myself use.

Sir CHARLES DAVIDSON: This letter is dated the 3rd of February, 1916, what is the date of your experience in Camp Hughes in which you found the 1910 ammunition satisfactory.

General ELLIOTT: Camp Hughes ran from the 20th of May until the end of October, 1915.

By Mr. Hutcheson:

Q. And without further discussion or inquiry, the ammunition of 1910 Mark VI was by your instruction sent to the Royal Northwest Mounted Police?—A. Yes, sir.

Q. And it was sent at once?—A. It was sent in due course. The Quartermaster General had to do with the distribution, they took up the matter then.

Q. Can you tell us whether any reports have been procured from the Northwest Mounted Police or from the depots where its ammunition was sent, as to how it worked?—A. I have received a report as to that in the last few days. I have given you that report, Mr. Hutcheson. There may be one or two things in it as to distribution that it is inexpedient to read out.

Q. I gather from the first document you have placed in my hands, which is a letter dated the 12th of June, 1916, to yourself, from L. du Plessis, that you telephoned him?—A. I did.

Q. And on the 12th of June, he wrote you this letter:—

ROYAL NORTHWEST MOUNTED POLICE,
OFFICE OF THE COMPTROLLER,
OTTAWA, 12th June, 1916.

SIR,—Referring to your 'phone message of the 7th instant, I immediately wired Commissioner Perry for a report on the ammunition supplied to the Police by your Department.

I have now the honour to enclose, herewith, proceedings of a Board of Officers held on the 29th May last, on this ammunition. I also enclose a letter from the Commissioner to the effect that the exhibits mentioned in his communication of the 9th instant are on the way.

I have the honour to be, sir,

Your obedient servant,

L. DU PLESSIS,

For Comptroller.

Brigadier General H. M. ELLIOTT,
Master General of Ordnance,
Department of Militia and Defence,
Ottawa.

[General H. M. Elliot.]

Then the reports follow:—

ROYAL NORTHWEST MOUNTED POLICE,

HEADQUARTERS, REGINA, Sask., 9th June 1916.

Re .303 Ammunition.

SIR,—The exhibits referred to in my letter of this date are being forwarded by express this day addressed to you.

1 packet containing 1 split case.

1 packet containing 27 blow-backs.

1 packet containing defective cartridges.

I have the honour to be, sir,

Your obedient servant,

A. BOWEN PERRY,

Commissioner.

The Comptroller,

R. N. W. M. Police,

Ottawa.

THE ROYAL NORTHWEST MOUNTED POLICE.

HEADQUARTERS, REGINA, SASK., June 9, 1916.

Re .303 Ammunition.

SIR,—On the 25th May I received the following telegram from you:

Please forward as soon as possible report on 500,000 rounds Mark six ammunition recently supplied by Militia Department.

In accordance with this telegram, a board of officers was ordered to assemble on the 29th May to report upon the quality of the ammunition.

Of the amount received, a certain amount was in store at this point, and the balance had been distributed to the different Divisional Headquarters.

I transmit herewith the proceedings of the board, together with the exhibits, consisting of defective cases and so forth.

The finding of the board is that the ammunition is defective but that *it is possible to use it in the rifle or carbine*. In the Maxim machine gun the faults were more obvious and its use in that gun inadvisable.

I concur with the finding of the board.

I have the honour to be, sir,

Your obedient servant,

A. BOWEN PERRY,

Commissioner.

The Comptroller,

R. N. W. M. Police,

Ottawa.

THE ROYAL NORTHWEST MOUNTED POLICE.

HEADQUARTERS, REGINA, SASK., June 9, 1916.

SIR,—I have the honour to forward herewith proceedings of board on ammunition together with defective cartridge cases.

The members of the board were assisted by the following non-commissioned officers:

Reg. No. 4692, Sergeant-Major Turner, E.E., who has had considerable experience of a practical sort. He has had seven years service in the S.A.C. and served through the South African War. Has served eight years in the R.N.W.M.

Police and is an expert rifle shot and familiar with the following small arms and their ammunition, the Martini Henry, Lee-Enfield, Lee-Metford, Ross rifle and Winchester.

Reg. No. 2006 Staff Sergeant Cuning, W.H., who has served in the R.N. W.M. Police for twenty-nine years. Is familiar with the Lee-Enfield, Lee-Metford, Snider, Ross rifle, Martini Henry and Winchester carbine, and has held the marksmanship badge for many years.

Reg. No. 5274, Sergeant MacDowell, served in the regular army from 1893 to 1911 when he joined the R.N.W.M. Police; holds a Hythe Distinguished Musketry and Maxim gun certificate, took a course at the Vickers Maxim gun factory, and holds their certificate for the Maxim gun and 75 mm. gun.

I have the honour to be, sir,

Your obedient servant,

A. R. CUTHBERT,

Assistant Commissioner.

The Comptroller,
R. N. W. M. Police,
Ottawa.

ROYAL NORTHWEST MOUNTED POLICE.

Proceedings of a board of officers of the following detail assembled this 29th day of May, 1916, by order of the Commissioner, to test the qualities of 500,000 rounds Mark VI .303 small arm ball cartridges, cordite, manufactured in 1910, and supplied to the Royal Northwest Mounted Police recently, by the Department of Militia and Defence.

President: Assistant Commissioner A. R. Cuthbert.

Member: Superintendent J. A. McGibbon.

Member: Superintendent G. S. Worsley.

The Board assembled on the 29th May and from day to day thereafter until its duties were completed.

Of the rounds received a portion was supplied to the different Divisional Headquarters and the remainder retained at Regina; the ammunition used for testing purposes was taken from that portion still at Regina, several hundred rounds being used and taken in packages of ten from every third box as stored.

The small arms used in the tests was the Lee-Enfield rifle and carbine, the former principally, and the Maxim machine gun. Tests were necessarily of a practical nature to ascertain accuracy, penetration and reliability.

The following evidence, particulars of tests and conclusions drawn therefrom, are respectfully submitted:—

Reg. No. 5274, Sergeant MacDowell, R.H.L., states;

I was present at the tests of ammunition received from the Militia Department. The tests were carried out between 31st May, 1916, and 7th June, 1916. The ammunition in question is S. A. Ball .303 Cordite, Mk. VI., Canadian, and is dated 1910.

The following tests were undertaken:

1. Actual range practice with the classification targets as laid down in the rules and regulations for the Force.

Distances, 200 and 300 yards.

Arms, Rifle, Mag. L. E., .303 Mk. I and Carbine, Cav. Mag. L. E., Mk. I. Sandbag rests were used for the rifles.

2. Field practice with the Maxim gun.

3. Penetration tests:

- (a) Wood, 1½-inch pine planks.
- (b) Wood, red pine in baulk.
- (c) Sandbag.

Test No. 1.—110 rounds were fired by skilled shots at 200 yards, and 150 at 500 yards. The day was exceptionally fine for the season. Considerable differences were noticed in the amount of elevation required for different shots in the same practice. This test was, perhaps, inconclusive as the rifles were fitted with the ordinary backsights, without wind gauges or fine adjustments, and it was difficult to distinguish between errors of ammunition, firer, and throw of rifle.

There were no misfires. The proportion of blowbacks was large, though these blowbacks were slight.

In the 260 rounds fired there were 27 blowbacks and one split.

Test No. 2.—500 rounds were fired at the parapet of a trench at 200 yards. the gun used was a Maxim of the pattern previous to 1897. This gun was carefully overhauled before the test and found to be in perfect order and condition. The fuse spring and friction were again weighed during the test and found to be normal. The barrel used was in excellent order, the lead was not worn. During this test there were fifteen "temporary stoppages." In every case the stoppage was due to faulty ammunition.

The following is a list of these stoppages:—

4 circumferential bursts.

2 thick-rimmed cartridges.

9 defective cartridges (insufficient recoil). There were, in addition, a number of "hang-fires", 9 blow-backs, and 1 split.

Test No. 3.—(a) 30 shots, fired at 50 yards into a series of 1½" pine planks lightly nailed together, showed a variation of five inches in penetration, besides scattered shots.

(b) 20 shots were fired at 30 yards into a red pine baulk (with the grain).

Their penetration and date is as follows:—

14-2-10	1.	33"	26.2.10	Not observed.
	2.	36½"		43½"
	3.	Not observed.		42½"
	4.	12½"		36"
	5.	36½"		23"
	6.	33½"		Not observed.
	7.	27½"		19½"
	8.	25½"		32½"
	9.	Not observed.		36½"
	10.	Not observed.		29½"

(c) 6 shots fired into a sand-bag filled with clean fine sand, at 30 yards. The date of the ammunition was 16.2.10. The shots penetrated respectively 16, 16, 12, 9½, 9 and 7 inches.

This ammunition is too defective for use in a machine gun which is operated by recoil. That a gun should go out of action fifteen times in firing a quantity of ammunition which could be disposed of in aimed traversing fire in less than two minutes, is extravagant. The strength of this ammunition varies to a great extent even in the case of different rounds from the same packet. The capping of the ammunition appears to have been carelessly undertaken; the proportion of blow-backs is very large and the face of the cap seems to be dangerously near the base of the cartridge.

R. H. L. MACDOWELL, Sergeant,

REGINA, 7th June, 1916.

Reg. No. 5274 R. N. W. M. Police.

Reg. No. 4692, Sergeant Major Turner, E.E., states as follows:—

I was present and fired about 175 rounds of .303 ammunition from Lee Enfield Rifles and Lee Enfield Carbines and completed firing on June 7th, 1916.

I fired ammunition at the following ranges and targets:—300 yards and 500 yards. I found that the shots in a number of instances fell low at both ranges. When I noticed this, I changed the rifles and carbines each three different times, and raised the sights.

I afterwards fired through the grain of fir planks nailed together and the penetration was from 19 inches to 37 inches, with a large number of shots at different distances between these two figures. This was fired at a distance of 50 yards.

On the 7th of June, 1916, I fired at a solid block of fir, with the grain at 30 yards range, and penetrated from 12½ inches to 36½ inches. There were a large number of shots penetrated at different distances between these two points.

At the same time I fired at sandbag headers and stretchers and penetrated sand as follows: 16, 16, 12, 9½, 9 and 7 inches.

I would consider that the charge is either insufficient or faulty as it was apparent from its failure to maintain elevation at short range.

The difference in penetration under favourable conditions shows that it is not of even standard.

The rifles and carbines used were inspected by the Post Armourer and found to be in good condition.

E. E. TURNER,

Reg. No. 4692, Sergeant Major.

Reg. No. 2006, Staff Sergeant Cunning, states:

I have fired seventy rounds of the ammunition under examination at a block of wood composed of planks placed together, and at targets on the rifle range, at 200 and 500 yards. The accuracy was not good as my scores testify. I also fired 10 rounds at a block of wood, end on, and found that the penetration varies considerably, one shot penetrating 12½ inches while others penetrated 36½ inches and still others penetrating different depths between these figures.

Again, having seen what happened to it when used in the Maxim gun, I would say that the ammunition is very faulty and not fit for use on active service, either for rifle or machine gun.

I have examined a number of the empty cartridge cases after firing, and have found several blow backs. None of the cases used by me in the rifles were split or seriously damaged, but several in the machine gun, split and burst.

W. A. CUNNING, S. Sgt.,

FINDING.

Reg. No. 2006.

All tests referred to in the evidence were carried out by direction and under the supervision of the Board, and the conclusion arrived at is, that the ammunition is defective. While its use is possible in the rifle, the results cannot be relied upon. In the Maxim gun, the faults become much more obvious and serious, and its use in this gun would be inadvisable.

As already stated, the lack of the necessary appliances and technical experience made any but the practical tests alluded to, impossible.

A. R. CUTHBERT, *President,*

Assistant Commissioner.

J. A. MCGIBBON, *Member,*

Superintendent.

G. S. WORSLEY, *Member,*

Commissioner.

Approved:

A. BOWEN PERRY,

Superintendent.

REGINA, 8th June, 1916.

[General H. M. Elliot.]

Sir CHARLES DAVIDSON: Would you briefly summarize what is the effect of this report?

GENERAL ELLIOT: In addition to summarizing, I wish particularly to call attention to the fact that we did not know that there was a machine gun there. This ammunition used with an old Maxim might cause trouble, but there were no accidents of any kind.

Sir CHARLES DAVIDSON: What other department would know the Northwest Mounted Police had a machine gun?

GENERAL ELLIOT: No other department would know; I think the Northwest Mounted Police is under the Prime Minister.

By Mr. Hutcheson:

Q. The Royal Northwest Mounted Police is not a military force and does not come within your department?—A. No. I may add that the Lee-Enfield they use is the old Lee-Enfield and it is not suitable for Mark VII ammunition. In the Lee-Enfield carbine they have, it would be distinctly dangerous to use Mark VII ammunition.

Sir CHARLES DAVIDSON: It may be convenient for you to tell us what the initials are in the letter to you from Colonel Helmer of January 7, "M.L.E." and "M.L.M."

GENERAL ELLIOT: They denote the Martini Lee-Enfield, and the Martini Lee-Metford. These are the old rifles.

Sir CHARLES DAVIDSON: And in none of these several classes of arms can the Mark VII ammunition be fired?

By Mr. Hutcheson:

GENERAL ELLIOT: It cannot be fired in any of the rifles used by the Royal Northwest Mounted Police.

Q. There was no accident?—A. No accident.

Q. Was there anything in the report to show how much of the shipment of ammunition?

Q. In what year did the manufacture of Mark VII ammunition commence?—A. 1913.

Q. What mark was the ammunition that Colonel Harston suggested should be used?—A. Mark VI.

Q. Coming back to the report of which you have been giving us the substance, does the report from the Northwest Mounted Police show that there was any impropriety in supplying this 1910 Mark VI ammunition to the Northwest Mounted Police?—A. No sir, not under the circumstances.

Q. Was there any report of any injuries sustained?—A. No, sir. Ammunition had actually been used up to the time of the making of the report?—A. No, I have asked that question and I am still awaiting a reply.

Sir CHARLES DAVIDSON: In this letter of January 7, which is to be found at page 78 of the evidence, your order is that it should be issued at the usual price. What was the usual price?

GENERAL ELLIOT: I stated "the usual price" there because I was not perfectly certain what the usual price was. The price would be arranged by the Quartermaster General's department.

By Mr. Hutcheson:

Q. Have you any opinion as to the value and the price of this 1910 Mark VI ammunition?

GENERAL ELLIOT: No, sir, I have spent most of my time in the practical line.

Sir CHARLES DAVIDSON: Where does that come in as being of any importance?

Mr. HUTCHESON: Because it is one of the grounds of attack, made on the floor of the House of Commons, that we have sold this ammunition too cheaply.

Sir CHARLES DAVIDSON: To whom?

Mr. HUTCHESON: Sold it to Vickers.

Sir CHARLES DAVIDSON: I do not think so.

Mr. HUTCHESON: I think that is right. I think that was one of Mr. McKenzie's charges; that ammunition for which we were actually paying \$31 per thousand was sold for \$20 a thousand.

Sir CHARLES DAVIDSON: No ammunition of 1910 was sold to Vickers. The criticism was not addressed to 1910 particularly.

Mr. DEWART: 1906, 1907 and 1908 were the issues, and the different issues vary considerably.

Mr. HUTCHESON: If Your Lordship does not think the information of any service to you, I will not press it.

Sir CHARLES DAVIDSON: I merely asked for information.

By Mr. Hutcheson:

Q. General Elliot, you cannot express an opinion as to the real value of this ammunition?—A. No, but if you make me make a statement, I will do so. In Ottawa, in 1911, the question was asked about ammunition over five years old, and I was asked why we should not in some way use the ammunition before it became sufficiently deteriorated to be no good. So, I think it was suggested in my office that we should reduce the price by one-half, that is from \$40 to \$20. That is \$20 a thousand for rifle associations.

Q. The nthere was a reduction from \$20 to \$10?—A. No, this was \$20 in 1911. All I had to do with it was that I thought it was better to issue this ammunition that was over five years old, at a reduced price, than to keep it and have it deteriorate any more. I say the question arose when I was here in 1911, as to what price we should sell the ammunition at to rifle associations, and the idea was that we should sell it, I think it was at \$20.

Mr. HUTCHESON: I see by a memo placed in my hands, being Militia Order 592, 1911, that issues of .303 ball cartridge over five years' manufactured will be made at half price, namely, \$10 a thousand rounds.

Sir CHARLES DAVIDSON: Would that price apply to ammunition which Barlow said was overly-bored?

Mr. HUTCHESON: It was before that time, but I think it would apply to it.

Sir CHARLES DAVIDSON: In 1911 nothing had happened; it was two years before. The Barlow report was in 1913.

By Mr. Hutcheson:

Q. You have referred to ammunition deterioration with age; can you give us the benefit of your observation in that regard? What is the practical life for a cartridge?—A. Well, sir, I can only tell you, I used a cartridge once that was thirteen years old, and it was all right.

Q. There can be no question that cartridges do deteriorate with age?—A. Oh, certainly, they do.

Q. In your experience, what should be the utmost age limit?—A. I regret to say that is an unknown quantity for the simple reason that it depends on the way it is packed. Climatic conditions and temperature affect cordite greatly. There are other causes known and unknown.

[General H. M. Elliot.]

By Mr. Dewart, K.C.:

Q. You said that so far as the ammunition sent to the Northwest Mounted Police was concerned, there was no injury in supplying it under the circumstances?—A. That there was no other ammunition that I could recommend.

Q. They had to have something?—A. They had to have something; that is the whole point, and the 1913 ammunition was not available.

Q. If, as a matter of fact, the two earlier sales had not been made in September and October, 1915, of the better 1912 ammunition, to or through Colonel Allison, it would have been available?—A. I suppose it would. I really do not know much about this part of it.

Sir CHARLES DAVIDSON: I do not understand this witness to say that the 1912 ammunition was superior to the 1910 ammunition, although other witnesses have said so.

By Mr. Dewart

Q. His lordship says that you have not passed your opinion on that; what do you say as to the 1912 ammunition?—A. I said there was little to choose between the 1912 and the 1910.

Mr. DEWART: Your lordship is right; I was thinking of the evidence given by another witness.

By Mr. Dewart

Q. You thought there was little to choose between these two issues?—A. That is my opinion. I acknowledge a limited experience, but I have experience over a certain date.

Q. In any event, you do not think it would be wise to use defective ammunition in the Maxim guns?—A. In that Maxim gun, no sir.

Q. Nor would you think it was as safe to use it in a Maxim gun as in a rifle?—A. No, sir.

Q. I believe the Maxim gun has a tendency to heat up and that the danger of defective ammunition is greater in a Maxim gun than in a rifle?—A. In the Colt gun it is wonderful what you can do with defective ammunition, but in a Maxim gun nineteen years old, I am very thankful that no accidents occurred.

Q. Even in the Maxim machine gun as turned out to-day, you do not think this would be good ammunition to use for testing purposes?—A. No, sir, not from the service point of view, that is to get continuous fire.

Q. If it was for use in the Admiralty, with machine guns, would you think that was a wise disposition to make of it?—A. I honestly confess I do not know what they used it for.

Q. I say, if it was used for machine guns, I am supposing that?—A. You will understand that I do not know for what purpose they wanted it.

Q. I am not saying you do, but I am supposing that if it were to be used for machine gun purposes in the service, you would not consider it wise to use it?—A. Certainly not.

Q. Have you considered the Mark VI ammunition of the years 1906, 1907 and 1908?

Sir CHARLES DAVIDSON: Why 1908?

Mr. DEWART: I will put the question as his lordship suggests, probably the 1908 ammunition is not concerned here—have you considered the Mark VI ammunition, said to be defective and under suspicion, of the years 1906 and 1907?

General ELLIOT: Only from hearsay, I know nothing about it. From hearsay, they tell me it had deteriorated considerably.

By Mr. Dewart:

Q. Would the record of accidents in connection with the use of the 1906 and 1907 ammunition be kept in your office?—A. They are all sent to the Chief Inspector at Quebec, and they are then all sent to Headquarters and filed with the Small Arms Committee of which Mr. A. G. Lewis is Secretary. That is available for any one to see who would look for it.

Q. Would you get a record there to show what the proven defects were in the 1906 and 1907 ammunition?—A. Yes, if there are any.

Q. If any were reported?—A. Yes.

Q. It would be the duty of any one who used ammunition in camps or for any other purposes to make a report upon it?—A. Yes.

Q. So that we may expect to find there, any reports that were made?—A. Yes, there were many defects occurred which have never been mentioned. I could mention some at Valcartier, but I could not call them accidents.

Q. What do you say as to the 1906 and 1907 ammunition?—A. In the rush at the commencement of the war—I am speaking now from what I hear—I do not think they kept any records at that particular time when men were being equipped by thousands at Valcartier, and there were hundreds of thousands of rounds fired.

Q. Could you say whether there were any serious accidents reported by reason of the use of 1906 or 1907 ammunition at Valcartier?—A. I would like to leave that to Colonel Helmer, he was there and I can only speak from hearsay.

Q. You have already told us that you could form no opinion, or that you were not in a position to say, what the value of the ammunition of 1906 and 1907 was in the fall of 1915?—A. No, I could only go by what I have heard.

Sir CHARLES DAVIDSON: Your answer also applies, I imagine, to the 1912 ammunition.

General ELLIOT: Yes, sir. If I am asked now what I know, I should say that \$20 a thousand was enough, but I am not an expert.

By Mr. Dewart:

Q. Would you go so far as to say that the 1906 or 1907 ammunition could not possibly be fired in Canada?—A. When?

Q. In the fall or latter part of 1915?—A. As I say, I have had no experience of that ammunition, but I certainly have been suspicious of it on account of its age.

Sir CHARLES DAVIDSON: These were classes of ammunition that were condemned, and so far as Barlow and Ogilvie were concerned, they considered that they ought to be drowned, up to 1908.

General ELLIOT: I may add, sir, that I have never seen the Barlow report, but I do know that up to 1908 they unqualifiedly stated that the ammunition was condemned.

By Mr. Dewart:

Q. Were you in a position to know what attitude was taken by the rifle associations in reference to this Mark VI ammunition, would their report come to you?—A. If there were any defects they would eventually come to my department.

Q. Sir Sam Hughes, in his evidence, at page 6 says: "Our rifle associations all condemned it." Do you know what foundation there is for that statement?—A. I think it is because of inaccurate shooting, possibly.

Q. Do you know whether the decision of the Militia Council, to destroy the 12,000,000 rounds referred to by the Barlow report, was carried out?—A. I do not know, I was not in Ottawa at the time.

Q. May I take it then, that you were away from Ottawa for some time?—A. I left in March, 1913, and I came back at the end of November, 1915.

[General H. M. Elliot.]

Q. You were away during the period of the earlier negotiations at the time of the Barlow report?—A. Yes, sir.

Sir CHARLES DAVIDSON: I take it that your military experience has been quite a long one.

General ELLIOT: Twenty-eight years.

Sir CHARLES DAVIDSON: What, if any, opinion can you express as to the need of an Order in Council for the sale of ammunition under such circumstances as were connected with the sale of these three million rounds.

General ELLIOT: To tell you the truth, sir, I know very little of the whole transaction. As regards the principle, I know that in my department any expenditure of money over a certain amount requires an Order in Council. I know that in the Quartermaster General's Department, which mostly has to do with unserviceable stores and that sort of thing, they are having Orders in Council now. Hitherto, the regulations had covered the disposal of a certain quantity of unserviceable stores.

Mr. DEWART: What paragraph is that to be found in?

General ELLIOT: I do not know. It is a well known fact that there are regulations which authorize the disposal of unserviceable stores.

Mr. DEWART: By the authority of the Militia Department without Order in Council?

General ELLIOT: Without Order in Council.

Sir CHARLES DAVIDSON: There are new regulations in force now, are there not?

General ELLIOT: The War Purchasing Commission rather changed the thing. I am speaking of past years. These orders were laid down in regulations, but with the introduction of the War Purchasing Commission, I believe there was a change.

Sir CHARLES DAVIDSON: Would that include the sale of condemned stores?

General ELLIOT: I honestly do not think it did, but I have not had any condemned stores myself. The Quartermaster General would be able to speak about that.

Sir CHARLES DAVIDSON: In your belief, was any of this 1906, 1907, 1910, 1912 ammunition fit to be issued to our troops at the front?

General ELLIOT: Oh no, sir, none of that is fitted for troops at the front. It is Mark VI ammunition.

Sir CHARLES DAVIDSON: What experience have you, if any, in connection with the inspection by the Admiralty of purchases made by it?

General ELLIOT: None sir.

Sir CHARLES DAVIDSON: None whatever?

General ELLIOT: No.

Sir CHARLES DAVIDSON: Are you aware whether or not this ammunition was subjected to any inspection by the Admiralty, or on behalf of the Admiralty, ere it was shipped?

General ELLIOT: Not before shipping, but all ammunition is inspected.

Sir CHARLES DAVIDSON: I am speaking about the Admiralty, the purchaser of the 3,000,000 rounds.

General ELLIOT: It has not been re-inspected to my knowledge.

Sir CHARLES DAVIDSON: Here?

General ELLIOT: Here.

Sir CHARLES DAVIDSON: What was your knowledge as to the possibility or certainty of its having been inspected on its arrival in England?

General ELLIOT: If, as I understand it, it was sent to the Admiralty, certainly, it would be checked.

Sir CHARLES DAVIDSON: Do I understand from that that it would be impossible for us to believe that the Admiralty purchased at dates differing in the interval of two months in the purchases, three million pounds of ammunition, in different consignments, without knowing what they were buying?

General ELLIOT: I cannot conceive such a thing.

By Mr. Hutcheson:

Q. May I suggest one more question along that line—the gentlemen who made the Barlow report came from the Woolwich Arsenal?—A. Yes. One of them is in Canada now.

Sir CHARLES DAVIDSON: Yes, he is considered the foremost expert in Canada.

By Mr. Hutcheson:

Q. Would the knowledge which these gentlemen acquired of the Mark VI ammunition in Canada; in the course of the investigation they made prior to the making of that report, be probably communicated to the purchaser on behalf of the Admiralty?—I do not know. I have just acknowledged to Sir Charles that I have not seen the Barlow report.

Q. Is it possible to suggest any reason why the Admiralty, after receiving this 3,000,000 rounds, should come back and try to get another 2,000,000 rounds which they have not yet received?—A. I honestly don't know. The thing is rather a mystery to me as to who has got it. I do not really know whether it is Vickers or the Admiralty, so far as I am concerned. I have not the faintest idea on that.

Q. The only sworn testimony we have here is that it was the Admiralty?—A. I do not know anything about it. The distribution of any ammunition or any warlike stores is not in my branch.

The witness was not further examined.

Col. RICHARD A. HELMER, Director General of Musketry, sworn and examined.

By Mr. Hutcheson, K.C.:

Q. What is your position in the Militia Department?—A. Director General of Musketry.

Q. And you have occupied that position for some years?—A. Not under that name but practically I have occupied the same position for many years.

Q. We learned from General Elliot this morning that you had had personal experience of the working of Mark VI ammunition at Valcartier?—A. Yes.

Q. When was that?—A. In 1914.

Q. Will you tell us what years' make of ammunition you had experience of there?—A. It is difficult to say. We had a very mixed lot of ammunition and from memory I would not like to say what we used. I had no reason to keep any record of it, I should say we had mostly everything. That would be an impression of mine, merely.

Q. Can you say whether or not you were using the 1910 Mark VI ammunition?—A. I believe we were, but I would not like to say for sure. I think the Ordnance Branch should be able to tell us exactly what we had there, that is, Colonel Macdonald.

Q. Can you tell us from anything you know how far back the issues went which you used at Valcartier in 1914?—A. My first answer covers that. I think we had pretty much what was available in the country; I do not think there was any regard paid to the year.

Q. And how did the cartridges work?—A. There was nothing serious to complain of, nothing to complain of at all in fact.

[Col. Richard A. Helmer.]

Sir CHARLES DAVIDSON: When you speak of 1914 at Valcartier, you refer, of course, to the period after the declaration of war?

Colonel HELMER: Yes, the training of the troops.

By Mr. Hutcheson, K.C.:

Q. What period of the year did your experience cover?—A. I went into camp, if my memory serves me, about the 26th of August, and we were there until the first division sailed in October.

Q. Would you like to give a guess at about how many rounds of ammunition you used?—A. Approximately two million rounds.

Mr. DEWART: This is not a guessing competition.

Mr. HUTCHESON: Are you objecting to the witness giving an idea as to the number of rounds that were used at Valcartier?

Colonel HELMER: I have been asked the question often and that has always been my reply; about two million rounds is correct.

By Mr. Hutcheson:

Q. Was any record kept of the results of the ammunition?—A. Nothing except the musketry results at the targets.

Q. That is as to the hits and misses, but I am speaking as to the results as regards the ammunition working properly?—A. There was nothing to record.

Q. There was nothing to record?—A. Nothing to record. I may say that in peace times we observe these things very closely and report everything, so that we know everything that is going on, but under the circumstances at Valcartier there was really no reason to go into these things.

Q. Aside from your personal experience at Valcartier, have you been in a position to receive reports from other branches of the service which have been using Mark VI ammunition?—A. Mostly all the reports which concern ammunition are sent to me for my remarks, or my information, or something of that sort. They are passed around. I think I am safe in saying that anything of importance that comes to headquarters I would likely see it.

Q. Can you give us any information about any reports of defective ammunition which came to you from any source; I refer to Mark VI ammunition?—A. Not from memory. Of course we are familiar with the Barlow report, if that is what you refer to.

Q. I am not speaking of the Barlow report now; I am speaking to you of reports which come to you from actual service. I refer to the experience in practice in different branches of the service throughout the country?—A. I think if anything serious happened, any burst, or anything of that sort, especially where there was injury to a man, I would have seen such a report, but I cannot remember offhand any specific cases. For instance, at the School of Musketry, we occasionally have had defective ammunition develop. We had last year, and if my memory serves me correctly I think I reported the cases.

Mr. DEWART: To whom would you report?

Colonel HELMER: My duty would be to report to headquarters, to the Master-General of the Ordnance or to the Quartermaster General.

By Mr. Hutcheson:

Q. What brand of ammunition are you speaking of now?—A. Any ammunition, anything that happens is reported to me.

Q. But with regard to the ammunition last year, was it Mark VI that you were referring to?—A. We were using Mark VI for a period, yes, Mark VI was used all over Canada last year.

Q. I may call your attention to this statement made by General Sir Sam Hughes, to be found at page 8 of the printed report of the evidence, in which he says that during practice at Valcartier they had had some very dangerous experience even with Mark III rifle in the use of this Mark VI ammunition. He says: "Some of the boys had it pretty warm; several explosions took place, blowing blazes back around the boys' heads and the ammunition had come to be regarded as more or less dangerous." Did any of that come under your observation?—A. I think not. There is only one case that I remember. I have been trying to tax my memory since I spoke to you yesterday and I only remember one case which I think I am right in saying I did not think it necessary to report, and that was a flare-back, or blow-back, some gas or flame which injured a man; Hawkins, the great Bisley shot, was hurt. I remember that case because of the personality of the man.

Q. So far as your memory serves you there was only one case of any importance at Valcartier?—A. I would like to make myself clear on the point. There were no doubt the usual blow-backs, but none of sufficiently serious importance to report. I mean, under the circumstances under which we were working there; for instance, I had not a single casualty, what we would call a medical case, to report.

Q. You had not a medical case to report?—A. No, and I had not a burst rifle or anything of that sort. There was nothing whatever at all serious. People would come along and show you where the cap had dropped off the cartridge or something of that sort, but we would pay no attention to it. I have no doubt that when the Minister made that statement he had something to base it on.

Sir CHARLES DAVIDSON: What as to marksmanship? Did they complain of the ammunition as being defective in that respect?

Colonel HELMER: No, sir, we were only shooting at short ranges, and Mark VI ammunition up to that time was the one we had known in use from the beginning of things, and the ammunition was quite as good as we had been accustomed to; in fact, they did extraordinary good shooting there.

By Mr. Hutcheson:

Q. Passing on to the sale to the Northwest Mounted Police, we see your name figuring in the correspondence commencing at page 154 of the sessional papers which have been filed; I do not intend to take you through all these letters, we have gone over them this morning with General Elliot; you were here and heard the evidence?—A. I heard part of his evidence. I went away before he finished.

Q. Is there anything you desire to say yourself about that sale to the Northwest Mounted Police?—A. My opinion about it is expressed on the file; I heard you read it this morning.

Q. At page 78 of the printed evidence, under date January 7, 1916, we find printed a note or memo from yourself to the Master General of the Ordnance, in which you say: "I do not think that under present conditions we should allow any Mark VI ammunition to pass out of the hands of the Department, except for defensive purposes, under which the requirements of the Mounted Police might be considered." I would like your explanation as to your reason for expressing that opinion?—A. That is not a question I think I should answer.

Q. Has it to do with military considerations?—A. Yes, I am quite ready to give you the reason. It is a matter of policy of the department.

Q. Had your reason to do at all with the quality of the ammunition?—A. No, it had nothing at all to do with it.

Q. Nothing at all to do with the quality of the ammunition?—A. No.

Q. Or its character as regards workmanship?—A. Not at all—that is the sale to the Northwest Mounted Police you are speaking of now?

Q. Yes. General Elliot has put in a report which he received from the Northwest Mounted Police as the result of an inquiry by him, have you any report from any source out there?—A. I did not hear that report read.

[Col. Richard A. Helmer.]

Q. Have you yourself received any reports from the Northwest Mounted Police as regards the working of this ammunition?—A. No, nothing at all.

Q. Are you in a position to express any practical opinion as to the value of this Mark VI ammunition?—A. Do you mean the monetary value?

Q. Yes?—A. No, except as fixed by the regulations.

Q. Outside of that you do not know?—A. No, I do not know anything as to the cost of it. I understand it was fixed by regulation at \$20 per thousand.

Sir CHARLES DAVIDSON: Where do you find that?

Colonel HELMER: In the regulations laid down for rifle associations. Would you like me to produce it?

Sir CHARLES DAVIDSON: Read that general order of the 23rd of December, 1911.

Colonel HELMER: I see what you refer to. That was to give an opportunity to people to purchase very old makes of ammunition, certain marks, but the regular price of ammunition regularly served was \$20 a thousand.

Mr. DEWART: Where is that regulation to be found?

Colonel HELMER: I can have a copy of it brought down.

Mr. DEWART: Where is the regulation?

Colonel HELMER: I think it was quoted and read into the evidence of General Elliot this morning.

Sir CHARLES DAVIDSON: That refers to .303 ball cartridges of old manufacture and the price is ten dollars.

Mr. DEWART: I thought the witness was speaking of a regulation under which it was to be sold at \$20 per thousand, and I am not aware that any such regulation has so far been filed.

Colonel HELMER: That is in the regulation. I have forgotten the number of the order, but I think it is General Order No. 63 of 1911. I could produce it.

Mr. HUTCHESON: There is an obvious inference from this regulation, that the price must have been \$20 a thousand, because it says it was reduced to \$10 a thousand, half price.

Sir CHARLES DAVIDSON: I think you will find it in paragraph 28 of the regulations for rifle associations, part 1, 1908.

Colonel HELMER: Yes, that is what I am referring to.

Mr. DEWART: The point is this: I am not aware that there was any regulation fixing the price of ammunition for sale to anybody except to rifle associations.

Colonel HELMER: And to the Militia.

Mr. DEWART: But I thought Colonel Helmer's suggestion was that the price of \$20 a thousand was definitely fixed for other purposes.

Colonel HELMER: Oh, no.

Mr. HUTCHESON: I did not so understand Colonel Helmer.

Mr. DEWART: What evidence we have therefore is that the price of \$20 per thousand was fixed for militia purposes and for rifle associations.

Sir CHARLES DAVIDSON: That is correct. What did you sell to the Northwest Mounted Police for?

Colonel HELMER: I do not know, I had nothing to do with the price.

Sir CHARLES DAVIDSON: General Elliot, in his memo, says that the 500,000 rounds were to be sold at the usual price, and he was asked what the usual price was.

Colonel HELMER: That is a matter for the Quartermaster General.

Mr. DEWART: You will recollect, sir, better than I, whether there is any evidence to show whether there was any order ever issued fixing the price at \$20 a thousand.

Sir CHARLES DAVIDSON: It would appear that there was one in 1908. Colonel Helmer says he can produce it.

Colonel HELMER: The regulation which I produce is the one which comes under my branch, that is a regulation with regard to rifle associations and which fixed the price at \$20 per thousand to rifle associations.

Sir CHARLES DAVIDSON: You will be good enough to let us have that later.

By Mr. Dewart, K.C.:

Q. You refer to "very old makes of ammunition," what do you mean by that phrase? Beginning with 1915, what would you call very old makes?—A. I should say anything that was made before 1907, 1908, 1907, 1906, 1904. That burst case which General Elliot showed you this morning was made prior to 1904.

Q. Was that the one he showed us, the burst cartridge?—A. Yes, that was Mark II, and that was prior to 1904.

Q. In 1915, would you consider as an old make, 1906, and 1907 Mark VI?—A. Yes, I would.

Q. What would be your opinion as to that 1906 and 1907 cartridge in 1915?—A. The ammunition is serviceable until it has been condemned by the experts. Some of it which is very old is quite as good as when it was first made.

Q. Have you any knowledge as to that 1906 or 1907 ammunition, and as to the quantities of it which existed in 1915?—A. I cannot say.

Q. I think we have a memorandum here, page 46 of the return to the House of Commons; have you seen that return, it being a statement of issues of the different Mark VI ammunition prior to 1908, and including some 1913, and showing where it was distributed?—A. No doubt I have seen that; these come to us periodically.

Q. Can you say as up to what date that return shows the distribution of the ammunition?—A. I do not know what date the return is made up to.

Q. I have not seen anything in the papers which shows exactly the date that the return is made up to?—A. I cannot say as to that. Such a return would be made by either General Elliot's or General Macdonald's branch.

Q. The Quartermaster General would probably be able to explain that?—A. No doubt the Quartermaster General's branch will be able to identify that.

Q. Apparently, on the date of this return, which I take it was this year, we find that there was over 5,000,000 of this Mark VI ammunition that had been manufactured previous to 1908?—A. Yes, I have seen that stated there.

Q. Do you know anything with reference to its character or suitability for use either at home or abroad?—A. It was used all over the country until suspicion was cast upon it and the Barlow report was made.

Q. The first suspicion that was cast upon it was the result of the Barlow report?—A. I would not say that. The Barlow report was the result of suspicion previously cast upon it.

Q. Have you any evidence in your possession or coming from your office which shows the reason why suspicion was cast upon this ammunition prior to the time that Colonel Barlow and Captain Ogilvie made the examination?—A. Such reports would be with the Master General of the Ordnance. I have no doubt I have seen the reports which led up to that investigation, but they are not in my custody.

Q. However, so far as your recollection goes, the ammunition was used at Valcartier without reference to the year it was made and you have no recollection of a medical case which had to be attended to, or of a case in which a rifle burst?—A. Yes, that is so.

Q. What would you say, Colonel Helmer, as to the suitability of defective or suspected ammunition, such as this, for use in machine guns, as compared with its use in rifles which would be the safer?—A. The machine gun is safer than the rifle.

[Col. Richard A. Helmer.]

Q. Why? Is it because the magazine is very much stronger in the machine gun?—A. Yes, it is a very much stronger structure.

Q. Would the machine gun heat up, and if the ammunition is not safe, is not the danger greater in a machine gun than it is in a rifle?—A. I do not think so.

Q. Have you had any machine-gun experience?—A. Yes, a good deal.

Q. Would you not think the danger was greater of explosion in a machine gun than in a rifle?—A. If I suspected ammunition I would fire it from a machine gun rather than from a rifle.

Q. A number of witnesses have said they would not use it for machine gun purposes at all?—A. Because defective ammunition would stop the gun, it would not go on going.

Q. The gun would clog?—A. Yes.

Q. So that it is not a question of defect in the ammunition as affecting the man that is using it; that is not the trouble. But the danger with the machine gun is that the machine gun might clog and stop?—A. Defective ammunition would certainly not operate in a machine gun. Pardon me, it would depend largely upon the defects; there are degrees of defective ammunition. If I could catch the drift of your question I might be able to answer it.

Q. With such defects as you have found in your experience with the Mark VI ammunition what would you say would be its effect upon a machine gun?—A. I think it would go on firing.

Q. Despite the defects?—A. Yes, we have used it in the machine guns right along, just the same as we did in rifles. The use of it was stopped for both at the same time.

Q. Have you used the 1906 and 1907 ammunition in the machine guns?—A. Right along.

Sir CHARLES DAVIDSON: Would you differentiate between the Colt and the Maxim?

Colonel HELMER: The Maxim which was made for 1906 ammunition would fire it quite as well as the Colt would, and vice versa.

Sir CHARLES DAVIDSON: And as safe?

Colonel HELMER: Just as safe.

Sir CHARLES DAVIDSON: You are in disagreement then with General Elliot?

Colonel HELMER: I do not quite see where the difference is. It may be a matter of opinion but there are so many technical points which enter into it, that one cannot answer offhand.

Mr. DEWART: That is what I want to get at. What were the defects you found in the Mark VI ammunition you used, was it in the scoring of the cartridge or was it the danger of the cartridge blowing out nearer the cap?

Colonel HELMER: The defects are all set out in that Barlow report.

Mr. DEWART: I am asking you from your experience what was the actual trouble you found.

Colonel HELMER: I would confirm what the Barlow report states.

Mr. DEWART: Was it an insufficient charge of cordite?

Colonel HELMER: No, an occasional blowout through the caps being improperly set.

By Mr. Dewart:

Q. And, as was stated this morning by General Elliot, it was something that might cause a slight explosion of gas?—A. That is an effusion of gas around the cap chamber; some of these may be more or less serious.

Q. Can you suggest why it is that ammunition that is faulty for Maxim shooting should be perfectly good in war time?—A. We would use ammunition under stress of circumstances caused by war which we might carefully inspect before we used it in peace time.

Q. In other words, when you have match shooting it is a question of accuracy?—
A. That and all other considerations concerning safety and all the rest.

Q. But when it comes to a question of war then you have to use whatever you have got?—A. We have to take chances.

Q. After August of 1914, with the ammunition in the condition it was in Canada, you would not have advised selling any of our Canadian ammunition?—A. My answer to that is contained in that memorandum.

Q. You did not think that any of it should be sold?—A. The only sale I have any knowledge of is the one about which my opinion was asked, and that is the sale to the Mounted Police.

Q. Then your opinion was not asked as to the sale to Mr. F. Orr-Lewis or Mr. Allison or Sir Trevor Dawson?—A. There was no reason to ask me.

Q. Then may I take it, that from August, 1914, you know of no reason why any Mark VI ammunition that we had in Canada should be sold to any private individual or corporation outside of Canada?—A. I know of no reason.

Q. Even for an undisclosed principal?—A. I would not express an opinion on it at all.

Q. So far as the ammunition which was sold to the Northwest Mounted Police is concerned, is there any rebate or come-back to the Government upon the ammunition that is sent out there. What about the shells at present?—A. We are asking, under present conditions, for a return of all shells. Brass is valuable now. This does not come under my branch, but I know that.

Q. And that has been the condition of things since the fall of 1914?—A. Yes.

Q. And the brass that is in the shells is valuable. What would you put as the value of the brass returned in the shells per thousand from the Northwest Mounted Police to the Government?—A. I have no knowledge of the present price of brass. The shells weigh 40 to the pound and if you know how much brass is in a pound of shells you can figure it out.

Q. So that in the sale to the Northwest Mounted Police, at \$20 per thousand, there is the value of the brass in the shells returned to the Government, and which the Government can use in the Arsenal in Quebec?—A. They should return the shells.

Q. They do?—A. When they do, they have that value.

Q. That has been the custom?—A. Yes.

Q. So that there would be this difference in the sale of the ammunition to a party outside the country, and the sale to the Northwest Mounted Police, that the Government would expect to get the return of the brass in the shells in the cartridges sold to the Northwest Mounted Police?—A. I think that inference should be drawn; they must send back the shells though.

Q. It is possible to extract the bullet from the shell?—A. Yes.

Q. Therefore, in that way, you would be able to see whether the shell was properly filled with cordite?—A. Yes, they would discover whether the cordite had deteriorated or was missing. You could make an examination for that.

Q. Can you suggest any other line in which there might be deterioration except as to cordite, is it not the cordite that deteriorates?—A. It is the most likely to.

Q. Is there anything else that does deteriorate?—A. Sometimes the cap deteriorates, but that is an exceptional thing. Through dampness or defective mechanical arrangement, the cap may become defective.

Q. But given proper mechanical construction of the cap?—A. Then it is not likely to deteriorate.

Q. Except so far as cordite is concerned?—A. Yes.

Q. And examination by extraction of the bullet from the cap would enable you to determine whether the cordite had depreciated or not?—A. I understand that is the custom of the inspector.

[Col. Richard A. Helmer.]

Q. Are you now in a position to produce the Quartermaster General's regulations which were in effect authorizing the disposal of unserviceable stores, or shall we get it from the Quartermaster General himself?—A. It is better to get it from him. It would be more up to date. I have simply promised to produce the regulations with regard to rifle associations.

Q. Now, Colonel Helmer, if you had anything to do with recommendations for orders in Council and matters of that kind, you know the conditions that exist, apart from the regulations that were filed by Colonel Macdonald here the other day, which showed a general order in Council under which the Militia Department have power to deal with certain matters?—A. Your question is rather general, but I may say in a general way that my duty is to advise my chief on any subject he wishes to refer to me.

Q. Who is your chief?—A. General Gwatkin.

Q. General Gwatkin is Chief of the General Staff here, representing what?—A. He is at the head of the training branch of the Department of Militia.

Q. A representative of the Imperial Government?

Sir CHARLES DAVIDSON: Oh no, he is in the Canadian service.

Mr. DEWART: He is an Imperial officer?

Sir CHARLES DAVIDSON: Yes, but seconded for duty in Canada.

By Mr. Dewart:

Q. Who forms the Militia Council here?—A. The Minister of Militia, the Deputy Minister, the Chief of the General Staff, the Quartermaster General, the Master General of the Ordnance, and the Accountant and Paymaster General.

Q. So that you cannot speak with reference to the Militia Council. I thought perhaps you might be a member of it—can you tell me anything which will help us to arrive at a conclusion as to how this price was determined, apart from the order you refer to; had you any negotiations with any of the triumvirate: Sir Trevor Dawson, or Mr. Orr Lewis, or Mr. Allison?—A. No.

(Colonel Helmer subsequently appeared and produced the regulations for the sale of ammunition to rifle associations referred to in his evidence.)

By Mr. Hutcheson:

Q. You now produce the regulations for rifle associations issued with General Order No. 82, 1912. I read at page 12:—

Order No. 28.

Extra ammunition may be purchased at the rate of \$20 per thousand rounds.

Q. Does that refer to this Mark VI ammunition?—A. It refers to any ammunition which was available at that time, Mark VI was the only ammunition then available. No price has been fixed for the other.

Q. Why is the adjective "extra" used, it says "extra ammunition."—A. Because there was a free issue of ammunition to these associations, and if they required more they could buy it.

Q. And the rule as to the free issue is Rule No. 26?—A. That is correct.

Q. And then if they desired a further issue they were at liberty to purchase it at the rate of \$20 per thousand rounds?—A. That is correct.

Colonel HELMER subsequently appeared before the Commission and stated:

My lord, when I spoke this morning with regard to the ammunition used at Valcartier camp, I spoke in general terms, and I may have left a wrong impression. Since leaving here I have been able to obtain the exact figures as they are.

STATEMENT OF SMALL ARM AMMUNITION ISSUED TO VALCARTIER IN 1914 FOR PRACTICE PURPOSES SHOWING MARK AND YEAR OF MANUFACTURE.

	Mk. VI.			Mk. VII.	
1909.	1910.	1911.	1912.	1913.	1914.
1,516,700	269,627	2,265,473	86,900	158,140	292,200

RECAPITULATION.

Mark VI Ammunition, 1909.. . . .	1,516,700	
" " 1910.. . . .	269,627	
" " 1911.. . . .	2,265,473	
" " 1912.. . . .	86,900	
Total.. . . .		4,138,700
Mark VII Ammunition, 1913.. . . .	158,140	
" " 1914.. . . .	292,200	
		450,340
Grand total.. . . .		4,589,040

Mr. DEWART: Your percentage of 1910 ammunition was small.

Colonel HELMER: Yes.

Mr. DEWART: The force of the correction is that no 1906 or 1907 ammunition was used, as you thought.

Colonel HELMER: Yes.

The witness then retired.

General GWATKIN, Chief of the General Staff, sworn:

Sir CHARLES DAVIDSON: Mr. Hutcheson, do you wish to examine General Gwatkin?

Mr. HUTCHESON: My learned friend, Mr. Dewart, asked to have General Gwatkin present; there are no questions I wish to ask him now.

Mr. DEWART: General Gwatkin, we have heard from the last witness that as Chief of the General Staff at Ottawa, you are a member of the Militia Council, that is correct?

General GWATKIN: Yes.

Mr. DEWART: Are minutes made of the meetings of the Militia Council?

General GWATKIN: Not always, sir.

Mr. DEWART: Is there any secretary?

General GWATKIN: Yes.

Mr. DEWART: Who is the secretary?

General GWATKIN: Mr. Jarvis.

Mr. DEWART: What I am anxious to get at is whether a record is kept of such recommendations as are made, asking for Orders in Council, because the question arose this morning as to whether Orders in Council were necessary to be obtained in some instances.

General GWATKIN: I understand.

Mr. DEWART: Would the records of the Militia Council help us to determine that?

General GWATKIN: Formal records of the proceedings of the Militia Council have not been kept, except for short intervals, since the war broke out.

Mr. DEWART: The only way to find out what was kept would be to get the information from Mr. Jarvis.

General GWATKIN: Yes.

Mr. DEWART: I notice that your name has been mentioned here more than once in the documents that have been put in evidence, and particularly in the document put in evidence at the sitting of the Commission on the 13th day of May. If you take a copy of the evidence and turn to page 14, I would be thankful to you. Perhaps you should refer back a little earlier than that, because the question was then under consideration about the issue of certain ammunition and its sale to the Ross Rifle

Company, and the offer that was made apparently was not accepted, and then a little later on, at the bottom of page 14 of the printed evidence, we find that is followed by a further memo. of the 16th of October, 1914, by General Gwatkin, Chief of the General Staff, and headed, "Q.M.G."—I take it that refers to General Macdonald, the Quartermaster General.

General GWATKIN: Yes.

Mr. DEWART: What would the letters "P.O.O." refer to, also on that memo. of yours?

General GWATKIN: That refers to Colonel Macdonald, the Principal Ordnance Officer.

Mr. DEWART: You say in your memo.:—

Q.M.G.

P.O.O.

5698. With reference to folio 122, the situation has changed since the word "destroy" was written; and the order (unless repeated) should not be carried out.

W. GWATKIN, Colonel,
Chief of the General Staff.

Then, Sir Charles Davidson asked: "That is the order for destruction by drowning?" and Captain Thompson, who was then counsel for the Government, pointed out that Colonel Macdonald had the following note on this document under date the 18th of October:—

C.G.S.

NOTE.—Necessary action taken.

J. F. MACDONALD, Lt.-Col.,
For Q.M.G.

18-10-14.

Mr. DEWART: Apparently this Barlow report had been made on the 19th of June, 1913, and I presume you were familiar with its contents.

General GWATKIN: No, sir, I am not.

Mr. DEWART: You know there was such a report?

General GWATKIN: Yes, I know of its existence.

Mr. DEWART: You know of its existence but not its details?

General GWATKIN: Yes.

Mr. DEWART: What I am anxious to find out, if you can tell me, is this: To what do you make reference having regard to the use of the word "destroy," and what, to your knowledge, was the position or condition of the Mark VI ammunition in 1914, in October, when you penned that memo.?

General GWATKIN: When I wrote that minute, sir, I was of opinion that the situation in Canada did not justify us making away with any ammunition, even that which was defective. That was my personal opinion.

Mr. DEWART: Explain that word "destroy."

General GWATKIN: My note had reference to a marginal note by the minister, and in my opinion the situation had changed since the minister gave that order, and to the best of my recollection he was not in Canada, and in my opinion the situation had changed and that ammunition ought not to be destroyed.

Mr. DEWART: That is just what I want to get at. Between the time of the Barlow report in June, 1913, and the time that you penned that memo. on the 16th of October, 1914, there was some note by the minister somewhere on some document in which the word "destroy" was used. That is the document I want to get.

General GWATKIN: That is what I have reference to, and that is why I wrote the word "destroy" in inverted commas.

Mr. DEWART: At page 4 of the printed evidence in the case, General Hughes makes use of this language:—

That manufactured prior to 1908, if I remember correctly, was ordered not to be fired under any condition, but to be destroyed. I decided later on not to destroy this ammunition.

Apparently it was you who made the suggestion that it should not be destroyed.

General GWATKIN: Yes, sir.

Mr. DEWART: What I am anxious to get at is this. Between June, 1913, when the Barlow-Ogilvie Commission reported, and October, 1914, when you penned that memo, was there some documents on which the word "destroy" was written by the Minister?

General GWATKIN: Yes, I saw it to-day when the file was here. There was a note from the Minister with the word "destroy" in a circle.

Mr. DEWART: I would like to have that document produced. The reason I asked the question was because your use of the word "destroy" indicates a specific use of that word, can you explain it.

General GWATKIN: I used it as quoting the word written in the Minister's own hand. He had written in the margin of the file "destroy" and from that I am quoting in this memorandum.

Mr. DEWART: Would the production of the file, folio 122, show whether that word "destroy" related to the ammunition of 1906 and 1907?

General GWATKIN: Speaking from memory, it alluded to Mark VI ammunition of the years under suspicion; I cannot say what years they were.

Mr. DEWART: Had you any knowledge yourself with reference to the quality or character of this ammunition?

General GWATKIN: I knew in general terms that some of it was defective.

Mr. DEWART: You knew that some of it was defective?

General GWATKIN: Yes, sir.

Mr. DEWART: Reports had not been made to you in reference to defects or blow-backs or anything of that kind? —

General GWATKIN: - Only in a general way, sir.

Mr. DEWART: Had you anything to do with the negotiations that led up to or culminated in the sale of this ammunition to Allison, representing somebody, I refer now to the first 236,000 rounds of ammunition and subsequent sale.

General GWATKIN: I knew nothing of the transaction in which approximately 3,000,000 rounds had already been sold and another 2,000,000 rounds were being negotiated for.

Mr. DEWART: Then may I ask you this: You said that the minutes of the Militia Council do not show all that takes place before the Council, you would not have a full record of the proceedings of the Militia Council from those minutes—can you from recollection say whether any application was made to the Militia Council for authority to sell this, or whether any recommendation was made by the Militia Council with reference to the sale of any part of the first three million rounds of ammunition?

General GWATKIN: The subject was never mentioned in the Militia Council.

Mr. DEWART: Then may I take it that there was no recommendation by the Militia Council for an Order in Council?

General GWATKIN: There was no recommendation by the Militia Council.

Mr. DEWART: Why was that, was it not brought before the Militia Council?

[General Gwatkin.]

General GWATKIN: It was not brought before the Militia Council.

Mr. DEWART: So you had nothing to do in your official position with the fixing of the price at which this was to be sold.

General GWATKIN: Nothing whatever.

Mr. DEWART: May I ask what your duties are, as Chief of the General Staff?

General GWATKIN: I look after defence, general policy, and training. The subject of training brings me into connection with musketry and that is why I am here.

Mr. DEWART: I take it that from the time in October, 1914, when you penned that memo, it was your opinion that no ammunition we had in Canada should be sold?

General GWATKIN: Out of the country, no.

Mr. DEWART: Were you aware of what, I suppose we may call the sale, to the Savage Arms Company of 50,000 rounds for the purpose of testing arms for Canadian purposes?

General GWATKIN: Yes.

Mr. DEWART: Do you regard that as in the same category as the sale of the ammunition to Allison?

General GWATKIN: No, because it was to test some of our own guns; that was really for our own purposes.

Mr. DEWART: It was for Canadian purposes?

General GWATKIN: Yes.

Mr. DEWART: Do you know of any authority, either by General Order in Council or under the Rules of the Militia Council, or of the Quartermaster General's Regulations, based on an Order in Council, that would justify the sale of ammunition to some person outside of Canada, without an Order in Council having been passed?

General GWATKIN: I know of no definite regulations touching that subject.

Mr. DEWART: Since the date of the Minister's application for an Order in Council, the 6th of January, 1916, has there been an Order of the Militia Council or regulation passed with reference to the sale of ammunition?

General GWATKIN: No.

Mr. DEWART: You know of none.

General GWATKIN: I should know if it were passed by the Militia Council.

Mr. DEWART: I thought I understood that there was some order since issued that no ammunition should be sold.

General GWATKIN: I do not recall it, sir.

Mr. HUTCHESON: Just one or two questions, General Gwatkin—you told us that the Militia Council rarely made minutes of their proceedings lately; how was it before the war began?

General GWATKIN: They were kept regularly to 1911-12.

Mr. HUTCHESON: Can you suggest any reason for the departure from that rule at that time?

General GWATKIN: No; of course the arrangements are what the Minister for the time being chooses to direct.

Mr. HUTCHESON: Had the outbreak of the war anything to do with the abandonment of the practice of keeping records of the Militia Council Meetings?

General GWATKIN: Certainly, none have been kept since the outbreak of the war.

Mr. HUTCHESON: None have been kept whatever since the outbreak of the war?

General GWATKIN: No, except at very short intervals.

Mr. HUTCHESON: Was that on account of the pressure of work or from considerations of expediency?

General GWATKIN: Very likely both.

Mr. HUTCHESON: Have you within your recollection any incident prior to the war of an Order in Council being obtained for the sale of any munitions or military ordnance of any kind, outside of Canada. In other words, can you say whether it was ever the practice to obtain an Order in Council for that, prior to the war?

General GWATKIN: A similar case never has arisen in my experience.

Mr. HUTCHESON: Then we cannot say that this was a departure from the rule since there had been no similar instance before.

General GWATKIN: May I make a statement in regard to that.

Mr. HUTCHESON: Yes, General Gwatkin.

General GWATKIN: There is no question which need be referred to the Militia Council unless the President of the Council so chooses. We have no right of our own to bring up these questions.

Sir CHARLES DAVIDSON: The President is whom?

Mr. HUTCHESON: The President being the Minister of Militia and Defence?

General GWATKIN: Yes. If the President chooses to take our advice and ask us for advice he does so, but he is not obliged to.

Mr. DEWART: I ask leave to read into the record, my lord, the memorandum which appears to be Folio 122 and in regard to which it is apparent that General Gwatkin's memorandum that appears on page 14 of the printed evidence was based:—

H.Q. No. C/1402.

M. G. O.

Destruction of Ammunition of date of Manufacture prior to February, 1908.

With reference to folios 110 to 114, the S.O.O. 5th Division, was instructed to hand over to the Superintendent of the Dominion Arsenal the stock of ammunition referred to on folio 41. He now reports that the Superintendent has neither time, facilities nor accommodation for taking over this ammunition, but that he, the Superintendent, states it may be possible to take it over about the 1st of October for salvage, *provided in the meantime he sees that it will lead to economy.*

It, therefore, seems doubtful whether the Dominion Arsenal will be able to take over the ammunition, and as the storage accommodation taken up by it is very urgently required for serviceable ammunition, and the boxes in which it is packed are required for packing ammunition now being manufactured, would it not be preferable to have all this condemned ammunition destroyed by drowning, or otherwise?

Please see my minute, folio 114, in this connection, to which you do not seem to have replied.

J. F. MACDONALD, Lt.-Col.,
for Major-General, Quartermaster-General.

Ottawa, 29-7-14.

Destroy.

SAM. HUGHES.

6-10-14.

D. of A. Note and B. F. for 6-8-14.

T. BENSON, Col., M.G.O.

30-7-14.

Mr. DEWART: What do the letters "B.F." mean in that memorandum?

General GWATKIN: Bring forward.

[General Gwatkin.]

Mr. DEWART: Who was Colonel Benson, was he Master General of the Ordnance before General Elliot?

General GWATKIN: Yes.

Mr. DEWART: This is marked "30-7-14" and then on the margin is the Minister's note in blue pencil, and you identify his writing?

General GWATKIN: Yes.

Mr. DEWART: And the note is: "Destroy. Sam Hughes, 6-10-14."

General GWATKIN: Yes.

Mr. DEWART: That would be the 6th of October, and that would account for your supplementary memo of the 16th of October which appears on page 14 of the evidence.

Sir CHARLES DAVIDSON: There is another memo at page 34, which is not without interest.

Mr. DEWART: This is Colonel Morrison's, and I doubt if this witness can speak as to it.

Sir CHARLES DAVIDSON: No, but it has reference to this word "destroy."

Mr. DEWART (to General Gwatkin): As a matter of fact, has ammunition been sent from Canada, from our Dominion Arsenal, during the war. I mean to say not to our own troops directly but to the British War Office or to the British authorities?

General GWATKIN: Not to my knowledge.

Mr. DEWART: I have gathered from something I have just seen on this file that there was frequent correspondence between the Canadian military authorities and the War Office with reference to the shipment of certain ammunition. That might be needed in England for testing or other purposes; you do not know that?

General GWATKIN: No, but I can imagine it might be so.

Mr. DEWART: What I want to ask you is this: Can you suggest any reason why, if the Admiralty in England wanted Canadian ammunition for any purpose, they should not go to the Militia Department or to the Government of Canada direct. Don't you think they should go direct to the Canadian authorities?

General GWATKIN: Yes, sir, that is the normal course.

The witness was not further examined.

Sir CHARLES DAVIDSON: What do you intend to do, Mr. Dewart, now?

Mr. DEWART: My learned friend suggests that I should make a statement. I take it that there is very little evidence except the possible cross-examination of the Quartermaster General, of Mr. Brown, the Director of Contracts, and of Sir Sam Hughes. The cross-examination of these three witnesses is all that I desire further.

Sir CHARLES DAVIDSON: It may be that we would need Colonel Allison back.

Mr. DEWART: I should wish to bring him back if there was any hope of reviving his memory.

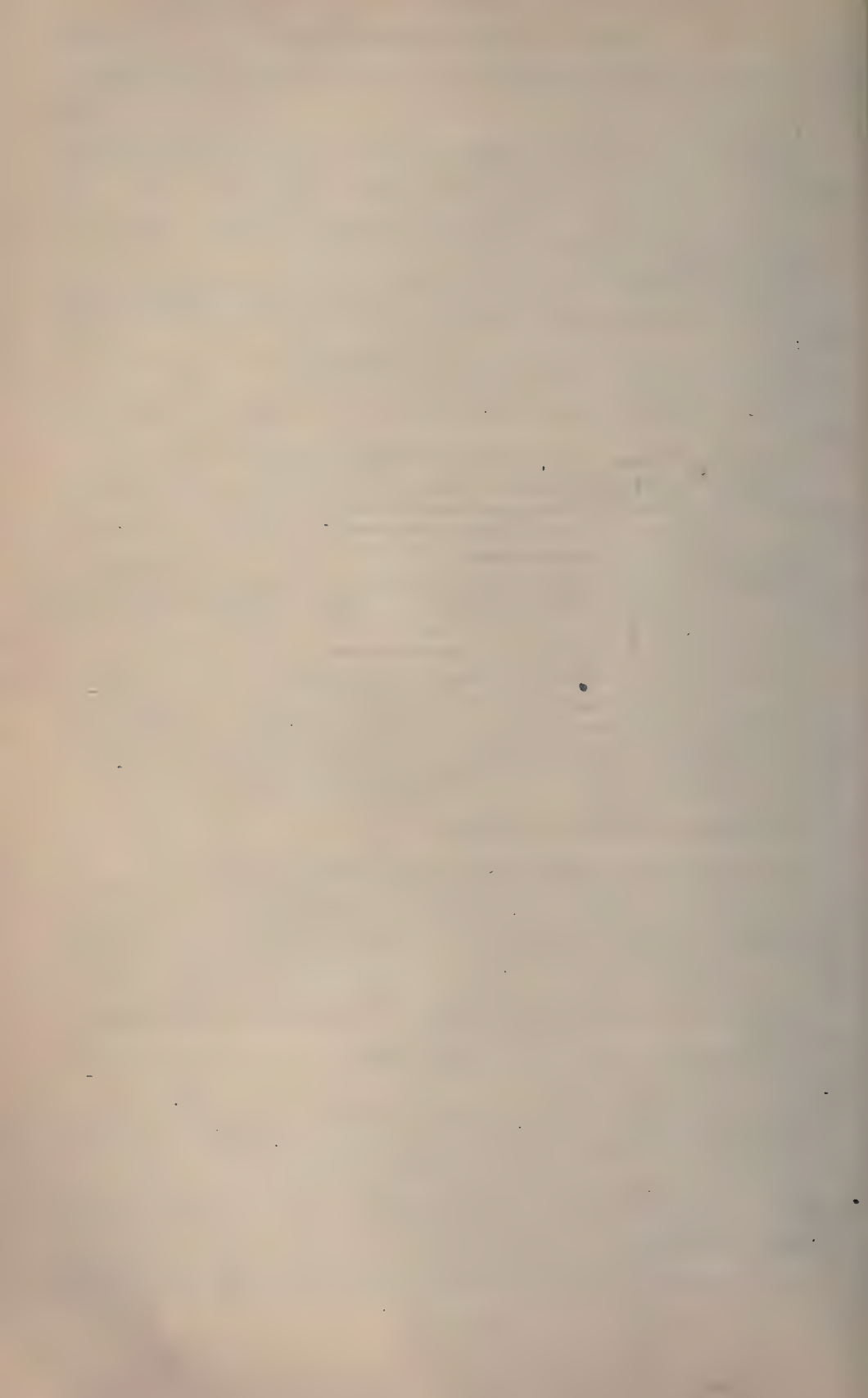
Mr. HUTCHESON: It seems to me that Mr. Orr-Lewis and Sir Trevor Dawson should be represented here.

Sir CHARLES DAVIDSON: I think they should have had a representative here.

Mr. HUTCHESON: I can quite understand that Mr. Lewis should have a representative here, but Sir Trevor Dawson has not been pulled into it until now.

The Clerk of the Commission was instructed to wire to Sir Sam Hughes asking him when it would be convenient for him to appear before the Commission to be examined by Mr. Dewart.

The Commission then adjourned to meet again when Sir Sam Hughes can be present.





ROYAL COMMISSION.

OTTAWA, Tuesday June 20, 1916.

The Commission met at Ottawa this day.

PRESENT:

The Honourable Sir CHARLES DAVIDSON, Knight, *Commissioner*.

J. A. HUTCHESON, K.C., *Counsel, to aid and assist the Commissioner in the Inquiry*.

HARTLEY H. DEWART, K.C., *Counsel for the Liberal party*.

GEORGE F. HENDERSON, K.C., *Counsel for J. Wesley Allison*.

R. C. SMITH, K.C., *Counsel for Canadian Vickers*.

JOHN FRASER, I.S.O., *Auditor General*.

THOMAS P. OWENS, *Clerk of the Commission*.

At the sitting of the Commission:—

Sir CHARLES DAVIDSON: Have you any witnesses to call, Mr. Hutcheson?

Mr. HUTCHESON: At the last session of the Commission, Mr. Dewart expressed a desire to have an opportunity of cross-examining witnesses who were examined in chief by my predecessor in the case, John Thompson, K.C., and whom Mr. Dewart has not yet had an opportunity of fully cross-examining. He asked to have produced here, Major-General Sir Sam Hughes, General Macdonald, Colonel Macdonald, and Mr. Jarvis, Secretary of the Militia Council. I do not purpose calling any witnesses for examination-in-chief; I desire to submit these witnesses for cross-examination, sir. They are present.

Mr. DEWART: Perhaps it would serve the purpose for the present to call Colonel Macdonald to produce the file, and perhaps the file might be left here. I desire to ask Mr. Jarvis with reference to some matters in connection with the Militia Council.

Mr. HUTCHESON: I wish to point out that Sir Sam Hughes is now here and is anxious to get away as soon as may be.

Mr. DEWART: I have no desire at all to delay General Sir Sam Hughes, but I wish to have produced, before I examine him, the minutes of the Militia Council, to show, particularly, what it is for which there was an order given in 1908, without the authority of Order in Council, which was referred to in memo sent to the Minister. I want to put that in first.

Sir CHARLES DAVIDSON: To what do you refer, in specific form?

Mr. DEWART: You will see, your Lordship, at page 11 of the original parliamentary return, the fourth item referred to, is attached statement that the Quartermaster General sends to the Minister a statement that a sale of obsolete and unserviceable small arms ammunition occurred in 1908. I want to see what reference there was in the Militia Orders to that.

E. F. JARVIS, Assistant Deputy Minister of Militia and Secretary of the Militia Council, sworn:—

Mr. DEWART: Have you the Minutes of the Militia Council showing that some time in 1908 a recommendation was made to Council for the sale of small arms ammunition?

Mr. JARVIS: I have brought these minutes with me. The deliberations of the Militia Council are secret, and I want a ruling before I produce them.

Mr. DEWART: The matter is referred to in the parliamentary return, and I want to know what the justification for it was.

Mr. JARVIS: There is no objection, so far as I know, to produce these minutes, except that I want the principle determined. This is the first time that as Secretary of the Militia Council I have ever been called before a court, and it will be a precedent which may be followed in other cases, and, therefore, I would like a ruling as to whether I should produce these or not.

Mr. DEWART: This forms part of the justification for the sale of this ammunition which we are inquiring into, and which is referred to in the parliamentary return. It is, however, referred to in such a way that no details are given to enable me to make the necessary comparison between that particular transaction and the present, in order to show whether it came under general authority of an Order in Council or under Militia Regulations.

Sir CHARLES DAVIDSON: I see no objection to its production; what is your purpose?

Mr. DEWART: My purpose is to see to whom this unserviceable small arms ammunition was issued in November, 1908, which it is said affects the existing conditions.

Sir CHARLES DAVIDSON (to Mr. Jarvis): It is not your observation, is it, that any public interest would be prejudiced by the production of this?

Mr. JARVIS: Not by giving evidence on this subject, so far as I am aware, except that it might establish a precedent.

Mr. DEWART: I do not want to establish any precedent in the matter, but I want to know what this reference by the Militia Council means, as referred to in the parliamentary return.

Sir CHARLES DAVIDSON: I take it that this is a detached incident, and that each incident will need to be governed by its own collateral circumstances.

Mr. DEWART: Exactly. I would be loath to put in the Militia orders, or anything of that kind, relating to subsequent matters.

Sir CHARLES DAVIDSON: What is the particular matter to which you refer?

Mr. DEWART: I will read the whole memorandum from the parliamentary return and that, perhaps, will be explanatory.

Mr. HUTCHESON: It is understood that Mr. Dewart will confine his inquiry to this one point.

Mr. DEWART: Absolutely. I read from the parliamentary return.

A precedent for the sale of that obsolete and unserviceable small arms ammunition occurred in 1908 under a former Administration, when in November, 1908, the Master General of the Ordnance recommended the sale or other disposal of 1,469,000 rounds of small arms ammunition. This recommendation was approved by the Militia Council on the 19th of November, etc.

(To Mr. Jarvis): Will you give me the reference to that in the Minutes of the Militia Council?

The reference was handed to Mr. Dewart.

Mr. DEWART: I read:—

“856—Disposal of Obsolete Small Arms Ammunition. 314-14-12.

“Item 856. The Master General of the Ordnance, recommend, with a view of clearing ordnance depots, that all obsolete small arms ammunition stored therein be disposed of by sale or otherwise. Approximately the quantity was as follows:”

(Then there are something over a million rounds referred to.)

“Item 857—Decision. It was decided to sell all obsolete ammunition locally by private auction, the Master General of the Ordnance to take action.”

(Then reference is made to the ammunition which included ten different kinds, Snider, Spencer, Colt, Winchester, Enfield, and others.)

Mr. DEWART: Then, if your lordship will refer to Item 2, page 11, of the memo of information to the Minister, you will see that included in the parliamentary return of date the 1st of May, there is referred to there a regulation for the disposal of obsolete, condemned and unserviceable ammunition, which is referred to in Regulations for Army Ordnance Service, Part II.

Mr. JARVIS: Colonel Macdonald would give evidence on that; I have nothing to do with it.

The witness was not further examined.

Colonel J. FRASER MACDONALD, already sworn.

By Mr. Dewart, K.C.:

Q. Colonel Macdonald, you have been already sworn?—A. Yes, sir.

Q. You have given what I take to be the regulations under which unserviceable and condemned ammunition could be dealt with?—A. Yes, sir.

Q. Do these regulations differ at all from the reference here to Part II, paragraphs 552, and 553?—A. No, I think not. I think they all run along the one general line.

Q. That is what I thought?—A. Yes.

Q. I take it from what you said before that you have given us the revisions of the conditions that existed since August 1914?—A. Yes.

Q. Then, there were some items that were referred to, and I asked you to be good enough to have copies made. I referred to the folios from the file, as we were going over it the other day: namely, folio 60, folio 76, folio 100, folio 146, folio 155, to folio 160 inclusive. Have you had these correctly extracted from the record which you have?—A. Yes.

Q. And to those you have made some additions; why was that done?—A. It was more to link it up. They are just extracts taken from the file with the approval and instruction of the Quartermaster-General. Your references as they appear on that minute of yours which you handed me, struck me as somewhat sketchy when we came to connect it up, and so we went through the files.

Mr. DEWART: This is a sketchy story altogether.

COLONEL MACDONALD: All the pages you asked for are included in that statement which I have handed to you.

[E. F. Jarvis.]

By Mr. Dewart:

Q. We will take folio No. 60, which is from the Quartermaster-General to Sir Charles Ross or Mr. Craig, Quebec, and which reads:

No. C. 1402.

From the Quartermaster-General,
Canadian Militia.
To: Sir Charles Ross or Mr. Craig,
Quebec, Que.

OTTAWA, February 26, 1914.

SIR,—I have the honour to confirm my telegram of this date which reads as follows:—

“Am sending instructions to Ordnance Officer Halifax to issue to your representative five hundred thousand rounds 303 ball manufacture 1908, half price. Do you agree? If so, please advise your agent there to arrange with Ordnance Officer.

“General Macdonald.”

I have the honour to be, sir,

Your obedient servant,

(Sgd.) D. A. MACDONALD,

Major General,

Quartermaster-General.

That, of course, was before the outbreak of the war; do you recollect for what purpose that 500,000 rounds was sent to Quebec?

COLONEL MACDONALD: I have no knowledge of it at all.

Mr. HUTCHESON: Is the cross-examination of General Hughes dependent on the evidence now given by Colonel Macdonald?

Mr. DEWART: I do not know for the present.

Mr. HUTCHESON: If not, the witness might stand aside until we finish with General Hughes.

Mr. DEWART: I do not desire to delay for one minute; I want to find out what this is.

Mr. HUTCHESON: Very well.

By Mr. Dewart:

Q. Then, coming to folio No. 155, I read:

C. 1402.

Quartermaster-General.

Mark VI Ammunition.

There are in Canada at the present time about 90,000 rifles firing Mark VI Ammunition. The total quantity of this ammunition remaining in Canada is 16,600,000, of which 7,000,000 is at Quebec (4,700,000 rounds of manufacture January, 1980, and prior).

According to the present distribution (by Division) of rifles, Quebec and Ottawa have much more ammunition than their quota; while London, Toronto, Winnipeg, Calgary, Halifax, and St. John, have less than their quota.

May these surpluses be distributed to depots in proportion to number of rifles in the Divisions?

(Sgd.)

J. F. MACDONALD,

L.-Col.

P.O.O.

OTTAWA, 26-1-14.

[Colonel J. Fraser Macdonald.]

Was there a certain quantity of that ammunition referred to as manufactured in January, 1908, and prior, elsewhere than in Quebec, or did that cover it all?

COLONEL MACDONALD: There was a quantity elsewhere, as you will see by folio 154, under the column headed: "Now available at each place."

MR. DEWART: But it does not show whether that was of a date of manufacture prior to 1908?

Colonel MACDONALD: No, it does not show that.

MR. DEWART: And, on that statement, I have no means of checking up what was elsewhere.

Colonel MACDONALD: No.

MR. DEWART: Then it is apparent, as shown on the last of these folios, 156 to 160, without referring to the distribution of the ammunition, that there was distributed under date of November 13th or 14th, 1914, approximately 2,970,000 rounds of the 303 ball ammunition, of date prior to February, 1908, which was under suspicion.

Colonel MACDONALD: Yes, as is covered by the Quartermaster General's letter of the 13th of November, 1914, which was to be kept separate from all other 303 ammunition, and to be used only in case of emergency, under direct orders. I do not think the distribution of the ammunition should be referred to in public.

MR. DEWART: That was the condition in November, 1914. I do not desire you to refer to the distribution. The other letters show more particularly the distribution, which I will not refer to, and are instructions, I take it, to district officers commanding.

Colonel MACDONALD: Yes.

MR. DEWART: There are some small items referred to in the return, that upon a more careful perusal of the evidence I thought have not been placed in the record, but I shall defer that until General Hughes is examined.

Major General Sir SAM HUGHES, Minister of Militia and Defence, already sworn.

MR. DEWART: General Hughes, I see that you gave evidence before this Commission, apparently on the morning of the 13th of May, 1916, that being the day on which there was a debate a little later on in the House of Commons.

Sir SAM HUGHES: I do not know what date it was; I gave evidence.

MR. DEWART: You will probably recollect that it was the morning of the day that Mr. McKenzie made a motion in the House of Commons, which was followed by a debate.

Sir SAM HUGHES: I do not remember. I remember the debate in the House, and I remember giving evidence.

MR. DEWART: Can you sufficiently fix the coincidence of the two things because of the circumstance which I mentioned.

Sir SAM HUGHES: It is a matter of no concern to me.

MR. DEWART: I am not asking you that; will you try to remember.

Sir SAM HUGHES: I will not try to remember.

MR. DEWART: I want you to endeavour to do so.

Sir SAM HUGHES: I shall not do so.

MR. DEWART: Better try.

Sir SAM HUGHES: I won't do anything of the kind.

MR. DEWART: It is important to the inquiry that you should answer the question. You will remember it, if you try to do so, by the fact that a question arose as to whether the inquiry before Sir Charles Davidson was open or not.

[Colonel J. Fraser Macdonald.]

Sir SAM HUGHES: I remember the inquiry before Sir Charles, and I gave evidence, and I took part in the debate in the House. I have no recollection whether it was the same date or not.

Mr. DEWART: Your memory would not serve you as to that?

Sir SAM HUGHES: I will not say whether it does or not.

Mr. DEWART: We don't want any more Allison memory.

Sir SAM HUGHES: I don't want any impudence about Allison. I will take none of your impudence about Allison and no puppyism from you. I don't want any insinuations about Allison. He is a cleaner man than ever Hartley Dewart knew how to be.

Mr. DEWART: Thank you. Will you try to recollect, Sir Sam, whether, as a matter of fact, the debate in the House of Commons was in the afternoon of the morning when you did give evidence before Sir Charles Davidson?

Sir SAM HUGHES: If it corresponds, it is the same date, I presume.

Mr. DEWART: Will your memory not serve you as to that?

Sir SAM HUGHES: I don't trouble over trifling things like that.

Mr. DEWART: I see. Then I see that in almost the opening answer given by you to a question of Captain Thompson, K.C., you said—may I read the question to you, and your answer:

By Captain Thompson:

Q. Is it correct, General Hughes, that Mr. Allison made the arrangement with General Macdonald?—A. No, the primary arrangement was made long before that with a member of the Vickers firm who was out on a special mission and who spoke to me.

Who is that member of the Vickers firm, to whom you refer there?

Sir SAM HUGHES: I decline to answer. He was out on a special mission.

Mr. DEWART: Do I understand you decline to say with whom you had the first communication about this?

Sir SAM HUGHES: I have said he was a member of the Vickers' firm.

Mr. DEWART: Was it Sir Trevor Dawson?

Sir SAM HUGHES: I decline to answer.

Mr. DEWART: The matter becomes important because Sir Trevor Dawson, according to the evidence, has his name connected with the Lewis account in the Bank of Montreal, New York.

Sir SAM HUGHES: With what?

Mr. DEWART: With the Lewis account in New York.

Sir SAM HUGHES: I never heard of it before; I do not know anything about it.

Mr. DEWART: You have not taken the trouble, as Minister of Militia, to inform yourself as to what was going on before this Commission.

Sir SAM HUGHES: I have not read one line of it.

Mr. DEWART: Have you looked into the letters introduced into this case from the Bank of Montreal in New York, the letters to and from Mr. Lewis?

Sir SAM HUGHES: Never read a line of it and don't intend to.

Mr. DEWART: Nor the account that has been put in in evidence, showing the dealings of F. Orr Lewis and your friend, Mr. Allison?

Sir SAM HUGHES: Not a line of it.

Mr. DEWART: You know nothing of that account?

Sir SAM HUGHES: No.

[Major General Sir Sam Hughes.]

Mr. DEWART: Your mind is not informed on the subject?

Sir SAM HUGHES: I don't want to be informed on it; I have something more important to look after than that.

Mr. DEWART: You did not consider it part of your duty as Minister of Militia to inform yourself on a matter relating to your own Department?

Sir SAM HUGHES: Not on any such piffle as that. I am not worrying about things like that.

Mr. DEWART: It is perhaps too insignificant for you.

Sir SAM HUGHES: That is the word, "too insignificant," exactly.

Mr. DEWART: May I ask you who was the member of the Vickers firm with whom this conversation took place.

Sir SAM HUGHES: I decline to answer.

Mr. DEWART: Why; do you think it would compromise him?

Sir SAM HUGHES: No, it would not compromise him at all, but the gentleman was out on an important mission——

Mr. DEWART: I am not asking you his mission; I am asking you about his business with you. And you will not tell us the conversation you had with this man in reference to this transaction, because apparently the sale of this ammunition starts and centres with you—do you realize that his secret mission had nothing whatever to do with this inquiry.

Sir SAM HUGHES: Nothing whatever.

Mr. DEWART: And you realize that I am not asking you anything about that.

Sir SAM HUGHES: About what?

Mr. DEWART: About his secret mission.

Sir SAM HUGHES: Very well, then.

Mr. DEWART: I am asking you what your conversation was with this man, and who he was.

Sir SAM HUGHES: I have told the conversation in my former evidence.

Mr. DEWART: What do you say about it now?

Sir SAM HUGHES: About what?

Mr. DEWART: About the conversation you had with him.

Sir SAM HUGHES: The question came up about ammunition for machine guns, and he understood we had some defective ammunition or something of that kind. The whole conversation didn't last a quarter of a minute.

Mr. DEWART: A quarter of a minute.

Sir SAM HUGHES: I said: "I do not know anything about it; go to see General Macdonald."

Mr. DEWART: Did he say it was defective ammunition?

Sir SAM HUGHES: Did he what?

Mr. DEWART: Did he say it was defective ammunition?

Sir SAM HUGHES: I won't say he said "defective ammunition": that we had some ammunition, or Mark VI ammunition, or something of that kind, and I said that was so, that it was not fit for service in the field.

Mr. DEWART: Did he say what he wanted the ammunition for?

Sir SAM HUGHES: The impression was left in my mind that it was for machine guns, for testing or practising, one of the two; I would not say which.

Mr. DEWART: But you will say he said that.

Sir SAM HUGHES: That is my impression.

[Major General Sir Sam Hughes.]

Mr. DEWART: And further than that you won't go.

Sir SAM HUGHES: No, the whole thing didn't last a quarter of a minute.

Mr. DEWART: Did the question arise whether you could spare what was understood to be defective ammunition?

Sir SAM HUGHES: I do not remember what the details were. I know what was in my mind, that the ammunition had been condemned and I had ordered it not to be used by our troops.

Mr. DEWART: I see by Hansard of the 13th of May, page 4051, that you referred to your conversation with this distinguished gentleman, in the House of Commons, and you say there that the question came up whether: we could spare what was understood to be defective ammunition, for testing machine guns or something of that kind—will you swear that that was the purpose for which this gentleman requested the ammunition or spoke about it?

Sir SAM HUGHES: The impression left in my mind was that he spoke in that way; I will not say the words he used were "machine gun testing or practice," but that was the impression left on my mind.

Mr. DEWART: Then, was that gentleman Sir A. Trevor Dawson?

Sir SAM HUGHES: What is that?

Mr. DEWART: Was that Sir A. Trevor Dawson, this distinguished gentleman with whom you had this conversation?

Sir SAM HUGHES: I decline to mention his name. If I mentioned the name in Hansard I would not object to it being published now, but I decline to mention any names.

Mr. DEWART: You were not aware then that his name is mixed up as one of the depositors of the money at \$25 per thousand rounds for the cartridges, which only realized the Dominion Government \$20 per thousand rounds?

Sir SAM HUGHES: What is that?

Mr. DEWART: That his name is mentioned as one of those who deposited in London the money at \$25 per thousand rounds for this ammunition, which only realized the Dominion Government \$20 per thousand rounds.

Sir SAM HUGHES: I know nothing about it; never heard of it.

Mr. DEWART: Have you not taken the trouble to inform yourself?

Sir SAM HUGHES: I have not taken the trouble and do not intend to.

Mr. DEWART: Let us go a little further; I am quoting now from your sworn evidence. At page 3 of the evidence:—

Some time considerably previous to this, a member of the Vickers firm, speaking of the scarcity of ammunition, had suggested that every one knew that we had a lot of defective Mark VI ammunition on hand——"

Sir SAM HUGHES: I do not hear what you are reading; what is that you are reading from?

Mr. DEWART: I am reading from page 3 of your evidence, where you say:—

Some time considerably previous to this, a member of the Vickers firm, speaking of the scarcity of ammunition, had suggested that every one knew that we had a lot of defective Mark VI ammunition on hand, and he suggested that this might be of use for machine gun practice, and thus release our good Mark VII ammunition in England for the front.

Did he suggest that to you?

Sir SAM HUGHES: He was the only person present; I presume the suggestion came from him.

[Major General Sir Sam Hughes.]

Mr. DEWART: Did you know it was defective?

Sir SAM HUGHES: I did.

Mr. DEWART: Then I will read your answer to the next question—you are apparently aware that your first communication from your friend, Allison, came on September 8, and you said in your evidence——

Sir SAM HUGHES: What is that?

Mr. DEWART: You are apparently aware that the first communication with reference to this ammunition which came from your friend, Allison, was on September 8, 1915?

Sir SAM HUGHES: Well, what about it?

Mr. DEWART: And you say that this was suggested to you long before in the early spring of 1915?

Sir SAM HUGHES: What was suggested to me long before?

Mr. DEWART: The question of letting this ammunition free for use for machine guns in Great Britain.

Sir SAM HUGHES: I did not say "free."

Mr. DEWART: You said: "that this might be of use for machine gun practice, and thus release our good Mark VII ammunition in England for the front."

Sir SAM HUGHES: Sure.

Mr. DEWART: That was the conversation you had with this distinguished gentleman in the early spring of 1915.

Sir SAM HUGHES: In what?

Mr. DEWART: In the early spring of 1915.

Sir SAM HUGHES: It was early in 1915.

Mr. DEWART: And following that, in your evidence you said:

I know nothing about that, that it was in the Quartermaster General's department, and that if they would have their Canadian agent see the Quartermaster General he would make any arrangement necessary as the disposition of all defective stores was in his hands entirely.

Who is the Canadian agent to whom you refer there?

Sir SAM HUGHES: I do not know.

Mr. DEWART: Didn't you know it at that time, or did you not believe it to be your friend Allison?

Sir SAM HUGHES: Allison had nothing to do with them at that time, as I understand.

Mr. DEWART: I am asking you what your idea was.

Sir SAM HUGHES: My idea was they had a Montreal agent.

Mr. DEWART: F. Orr-Lewis.

Sir SAM HUGHES: I do not know about that. They have the Canadian Vickers in Canada and I believe F. Orr-Lewis is a member of the firm, and there are other members.

Mr. DEWART: Did you believe he was the man at that time?

Sir SAM HUGHES: Who?

Mr. DEWART: F. Orr-Lewis.

Sir SAM HUGHES: The Canadian Vickers was their agent, I understood.

Mr. DEWART: That is what you meant by that—did you at that time understand that this was a purchase by Vickers, Limited, of England?

Sir SAM HUGHES: I certainly did; so it was.

[Major General Sir Sam Hughes.]

Mr. DEWART: We will come to that in a minute.

Sir SAM HUGHES: I am telling you what it was.

Mr. DEWART: I am not asking you for advice.

Sir SAM HUGHES: I am not giving advice to you; I am giving statements of fact.

Mr. DEWART: Do you mean to say, General Hughes, having regard to what has transpired and all the evidence brought out in this inquiry, some part of which you must have read, do you still say that this ammunition was sold to Vickers, Limited, of England?

Sir SAM HUGHES: I am not talking about what has transpired at this inquiry, I am stating the facts, it was sold to Vickers, Limited.

Mr. DEWART: You are pledging your oath to that?

Sir SAM HUGHES: I am pledging my oath; what else could I do but swear to the facts.

Mr. DEWART: You can hardly appreciate the responsibility.

Sir SAM HUGHES: I do not require a child like you to tell me what my responsibility is.

Mr. DEWART: May I say, Sir Sam Hughes, that so far as this is concerned, it is extraordinary that you have not realized before this that it was not sold to Vickers, Limited..

Sir SAM HUGHES: But it was sold to Vickers, because General Macdonald showed me an order that it was to be addressed to Vickers, Limited.

Mr. DEWART: And you do not know, sir, that it was never sold to Vickers, Limited, but that it was sold directly to Allison.

Mr. HENDERSON: No, there is no evidence as to that.

Mr. DEWART: And that it was consigned to G. A. Searles, Vickers House.

Sir SAM HUGHES: That is a deliberate insinuation; an untruth, that it was sold to Allison.

Mr. DEWART: I ask you this: was there any other man who negotiated the sale in Canada except Allison?

Sir SAM HUGHES: The gentleman to whom I have referred.

Mr. DEWART: That gentleman had only a short conversation with you; have you looked through the documents to see that the whole transaction was one with Allison.

Sir SAM HUGHES: Allison had nothing to do with it.

Mr. DEWART: Have you looked through the documents to see that under Allison's instructions this ammunition went to G. A. Searles, Vickers House, which is the building where Vickers do their business.

Sir SAM HUGHES: Exactly, that is where it was sent.

Mr. DEWART: Have you learned that Vickers Limited never purchased one round of this ammunition?

Sir SAM HUGHES: I do not know anything about it; I know that the order came to send it to Vickers.

Mr. DEWART: There is nothing to show that Vickers Limited gave the order?

Sir SAM HUGHES: I do not want to answer a question put in that form; if I answer it as put in that language, the answer would be "yes." You are not asking a question at all, you are making an insinuation.

Mr. DEWART: I ask you: do you not know what the fact is as brought out here before the inquiry?

Sir SAM HUGHES: That is not a question, that is an assertion there is only one answer to that.

[Major General Sir Sam Hughes.]

Mr. DEWART: I will put the question to you again.

Sir SAM HUGHES: Then put it definitely.

Mr. DEWART: Don't you know, as the fact is as proved before this inquiry, that Vickers Limited never purchased a round of that ammunition?

Sir SAM HUGHES: I will not answer that question in that form. If you ask a straight question, I will answer you, if I can.

Mr. DEWART: Do you say that Vickers Limited bought it?

Sir SAM HUGHES: That is a straight question. I say the order came to General Macdonald that Vickers Limited wanted it.

Mr. DEWART: I am not asking you what General Macdonald told you, I am asking you from whom the order came.

Sir SAM HUGHES: Through General Macdonald.

Mr. DEWART: I am asking you from whom the order came to Canada.

Sir SAM HUGHES: To General Macdonald.

Mr. DEWART: Don't shift and equivocate.

Sir SAM HUGHES: Don't you talk to me like that.

Mr. DEWART: I certainly will.

Sir SAM HUGHES: I certainly will not allow it from any pettyfogger like you.

Mr. DEWART: Do you know from whom the order came to your Department?

Sir SAM HUGHES: I understand it came from a member of the Vickers firm.

Mr. DEWART: Have you not found out that not one round of this ammunition was ever shipped to Vickers Limited?

Sir SAM HUGHES: I do not know anything about it; all I know is that the order to General Macdonald showed that it was going to the Vickers Limited.

Mr. DEWART: Then I see that in your evidence, at page 5, you say something in reference to the further details of this transaction—what was your understanding as to what position your friend, Colonel Allison, occupied with reference to the Vickers Limited, English firm, in New York?

Sir SAM HUGHES: I learned at the time this matter was brought up by General Macdonald that Allison had been appointed the Vickers' agent in New York.

Mr. DEWART: What authority have you for that statement?

Sir SAM HUGHES: I have no authority whatever, excepting Allison's statement.

Mr. DEWART: And you accepted Allison's statement?

Sir SAM HUGHES: I would accept Allison's word where I would not accept your oath.

Mr. DEWART: Thank you—and besides Allison's statement—you will excuse me for laughing, General. And beyond Allison's statement to you there is absolutely nothing on which you can base any authority for the fact that Allison was Vickers' agent in New York?

Sir SAM HUGHES: I was not particularly interested in it; we were getting rid of a lot of rotten ammunition at a fair price.

Mr. DEWART: The same ammunition that you served out to the boys in 1914 after the war was on?

Sir SAM HUGHES: For Mark III rifles.

Mr. DEWART: You know it is not adapted for that.

Sir SAM HUGHES: Excuse me, it is adapted for that; that shows your ignorance.

Mr. DEWART: The evidence of some of your officers is that it is not.

Sir SAM HUGHES: You will get on a good deal better if you do not make assertions. You are making assertions instead of asking questions. If you will ask straight

[Major General Sir Sam Hughes.]

questions, you will get proper answers, but if you ask silly questions you will get snubbed.

Mr. DEWART: No, I will not.

Sir SAM HUGHES: Yes, you will.

Mr. DEWART: May I say that is impossible for you to snub me.

Sir CHARLES DAVIDSON: This examination might be conducted on either side with less acerbity.

Mr. DEWART: I think so, my lord.

Mr. HENDERSON having made some remark which was inaudible,

Mr. DEWART: I do not want any criticism from my learned friend here.

Sir SAM HUGHES: I want to point out this to your lordship, that this individual asks questions in this form: "Don't you know if So-and-so; did you not think So-and-so." I refuse to answer questions in that form; that is not a question at all. That is an insinuation, and if I gave an answer at all to such an insinuation, it would mean only the answer "yes." I will not answer any questions in that form.

Mr. DEWART: You say you will not answer?

Sir SAM HUGHES: Put your questions in a straight, manly way.

Mr. DEWART: I am showing myself more of a man than you are.

Sir SAM HUGHES: No, you are not.

Sir CHARLES DAVIDSON: Now, please, Mr. Dewart, proceed with the examination.

Mr. DEWART: I have stood a good deal to-day, Sir Charles.

Sir SAM HUGHES: You began with a piece of impudence about Allison, and you will take what you get.

Mr. DEWART: Then you have no authority for saying that Allison was Vickers' agent in New York, except himself?

Sir SAM HUGHES: I never gave it a second's consideration, and I don't care.

Mr. DEWART: You say that this ammunition could not possibly be fired in Canada.

Sir SAM HUGHES: I did not say so.

Mr. DEWART: That is your evidence.

Sir SAM HUGHES: I did not.

Mr. DEWART: You did say so.

Sir SAM HUGHES: I didn't say so.

Mr. DEWART: I read from page 5 of the evidence given before Sir Charles Davidson formerly by you, at page 5, line 3: "This ammunition could not possibly be fired in Canada."

Sir SAM HUGHES: Read the whole thing.

Mr. DEWART: I will, you interrupted me.

Sir SAM HUGHES: I did not

Mr. DEWART: I read:

"I would not allow a soldier to fire it, or take it into action unless he had nothing else to fire."

Sir SAM HUGHES: That is right.

Mr. DEWART: You still say that.

Sir SAM HUGHES: I still say I would not let it be fired in Canada in action or practice in Mark II rifles.

Mr. DEWART: And you further say: "and if we could make a few hundred thousand dollars out of this ammunition, by disposing of it for machine gun practice, why, so much the better for Canada."

[Major General Sir Sam Hughes.]

Sir SAM HUGHES: Sure..

Mr. DEWART: From whom did you learn that this ammunition was sold to be used for machine gun practice?

Sir SAM HUGHES: I have told you it was from a member of the Vickers firm.

Mr. DEWART: That distinguished gentleman, whose name you will not disclose.

Sir SAM HUGHES: Yes.

Mr. DEWART: Then on line 8, page 5, of your examination, you say:

“I heard from some source or other that this ammunition was resold at \$20 by the Vickers firm.”

Where did you hear that?

Sir SAM HUGHES: I heard that from some scrap from the Auditor General, some letter he had written.

Mr. DEWART: Oh no, you did not hear that it was resold at \$20 from the Auditor General, you heard from him it was resold at \$25.

Sir SAM HUGHES: I did not catch what you said.

Mr. DEWART: You say that you heard from some source that it was resold at \$20 by the Vickers firm. Do you say now that that was a mistake and that it should be \$25. It may be a mistake here.

Sir SAM HUGHES: I never read what is there. I heard it incidentally reported that it was resold at \$25.

Mr. DEWART: Then, having regard to our more recent inquiries, I want to read you what your evidence was at that time, to see whether you have had any additional light since. You say: “I heard that the Vickers firm had added some costs to that and had disposed of it to the Admiralty for machine gun practice. When I was over in England I made inquiries, and I found that all they had to do with the transaction was that——”

Sir SAM HUGHES: Who is “they”?

Mr. DEWART: The Vickers firm. (Continuing reading)——“was that thinking they were charged the freight and other costs they had added on freight insurance and exchange, which they had estimated themselves at about one pound sterling, but finding that the Admiralty was paying these costs, they had removed the addition at once, and there was nothing allowed for freight charges as these had been paid by the British Government.”

From whom did you get that information?

Sir SAM HUGHES: A member of the Vickers firm stated that that was his understanding.

Mr. DEWART: I want to know who the man was.

Sir SAM HUGHES: I decline to give his name. He is the same gentleman as I have spoken of formerly.

Mr. DEWART: The same gentleman you have spoken of formerly?

Sir SAM HUGHES: Yes.

Mr. DEWART: That perhaps will serve my purpose. The reason I ask you this question is that this statement is absolutely at variance with the facts as they are disclosed, and I want to know whether you are responsible for them or whether some responsible person told that story to you.

Sir SAM HUGHES: I said that there was a rumour in Canada that this was resold to the Admiralty. He said: “I understand the Admiralty did get it.” I said: “How about adding \$5 to it?” As near as I can recollect—the whole thing did not take a moment; it was a passing remark as I was shaking hands with him, when I was leaving—he said, just as I was leaving that the clerk handling it at Liverpool or whatever

[Major General Sir Sam Hughes.]

port it had come to, put the freight on it and the cost one way or another and some one of the officers put in \$25, and later, when he found out, he said: "I am not sure what way it was done, but if it is charged up it will not be collected, of course."

Mr. DEWART: And that finding that the Admiralty was paying these costs they would remove the addition at once; is that what he said; that is what you said in your former evidence?

Sir SAM HUGHES: Something to that effect.

Mr. DEWART: When did you have that conversation with this distinguished member of this distinguished firm in England, and when did you learn that the Admiralty acquired this ammunition?

Sir SAM HUGHES: I heard that the Admiralty acquired that ammunition much earlier, in Canada.

Mr. DEWART: No—did you get it from him?

Sir SAM HUGHES: Excuse me, when I was over in England—

Mr. DEWART: You say in your evidence formerly given: "When I was over in England I made inquiries."

Sir SAM HUGHES: Yes.

Mr. DEWART: So that, at the time of that conversation, was not the fact present to your mind that the Admiralty was the ultimate destination of that ammunition?

Sir SAM HUGHES: When you say "ultimate destination", I do not know what you mean. You seem to think that is the first I heard of the \$25 per thousand. I heard of the \$25 racket before I left Canada. I never gave a snap of my fingers for it. We sold that ammunition for \$20 a thousand, and I did not care what they got for it. We sold it to the Vickers firm.

Mr. DEWART: You still stick to that.

Sir SAM HUGHES: Of course I do. I have no evidence except hearsay to the contrary.

Mr. DEWART: You have the evidence taken before Sir Charles Davidson.

Sir SAM HUGHES: I am swearing to my knowledge, not yours or anybody else's. It was sold to Vickers, and I did not care whether they sold it at \$100 a thousand or \$150 a thousand, it was none of my business.

Mr. DEWART: Did you learn that the destination of this ammunition, through Vickers, or somebody in Vickers firm, or some officer, was the Admiralty.

Sir SAM HUGHES: I have never learned definitely yet except by hearsay. I heard it before I left for England. I brought it up this time in England, the only time it ever entered my head.

Mr. DEWART: Knowing that there was a rumour with reference to this ammunition having reached the Admiralty, did you take any action in England to make proper inquiries from the Admiralty?

Sir SAM HUGHES: Never wasted a second on it. It was none of my business, and I don't care what the Admiralty paid for it.

Mr. DEWART: Did you accept Allison's word absolutely?

Sir SAM HUGHES: I have not Allison's word for it at all. I accept the written order that General Macdonald showed me, as to where it was for. I never had a conversation with Allison about where it was to go, directly or indirectly.

Mr. DEWART: So that the mention of the British Admiralty did not call your attention to any matter that you thought was worth while making the subject of inquiry.

Sir SAM HUGHES: Not a particle. It made no difference to me whether Vickers sold to the Admiralty for \$25 or \$55, it was a matter of no concern to me.

[Major General Sir Sam Hughes.]

Mr. DEWART: Was not your position and the position of the Militia Department in Canada such, that you had negotiations and dealings with the British War Office direct?

Sir SAM HUGHES: I had, certainly. The British War Office is not the British Admiralty.

Mr. DEWART: There would be no need for the British Admiralty to have an intermediary to deal with you.

Sir SAM HUGHES: That is their business, not mine. I am not running the British Admiralty business.

Mr. DEWART: If you had known that this ammunition was destined to the British Admiralty, would you not have conducted these negotiations with them direct?

Sir SAM HUGHES: I don't conduct the negotiations with them in Canada. I would not bother my head about it. I leave that to the officer whose business it is, General Macdonald.

Mr. DEWART: We will come to that in a moment—I see that the same afternoon or morning that you were examined before Sir Charles Davidson you appear to have spoken in the House of Commons.

Sir SAM HUGHES: I did, and I made a few of them sit up.

Mr. DEWART: Yes, and I feel like sitting up now. At page 4049 of Hansard, one of your statements in the House is—would you like to see a copy of this?

Sir SAM HUGHES: No.

Mr. DEWART: I can spare you one.

Sir SAM HUGHES: I don't want any copy.

Mr. DEWART: It might help you to follow it.

Sir SAM HUGHES: Not at all, I don't need it.

Mr. DEWART: Your memory is perfectly good?

Sir SAM HUGHES: You will find it is all right. I can remember lots of things, you know.

Mr. DEWART: I believe you can.

Sir SAM HUGHES: Yes, and a good many years back, too.

Mr. DEWART: You say in Hansard page 4049:

The correspondence brought down clearly shows that it was ordered by the firm of Vickers-Maxim, one of the most reputable firms in the world, and was shipped to them.

Will you point out one fragment in the correspondence that shows that the purchases were made by Vickers-Maxim Limited, this highly reputable firm, or that the goods were shipped to them.

Sir SAM HUGHES: The goods certainly were shipped to them at their House.

Mr. DEWART: That is a different thing—they were shipped to Searles, at Vickers House, and you know it.

Sir SAM HUGHES: Vickers House is the Vickers firm, and everyone knows that.

Mr. DEWART: You said in the House that the ammunition was ordered by the firm of Vickers-Maxim, one of the most reputable firms in the world, and was shipped to them.

Sir SAM HUGHES: If I used the term "Vickers-Maxim", it is wrong, because the firm is "Vickers, Limited."

Mr. DEWART: Well, since you appear to have known the name of the firm—

Sir SAM HUGHES: The old firm is Vickers-Maxim, and we get in the habit of using that name colloquially. Since you are quibbling on the question of Vickers House or Vickers-Maxim, I might explain that.

[Major General Sir Sam Hughes.]

Mr. DEWART: I am not quibbling.

Sir SAM HUGHES: Yes, you are.

Sir CHARLES DAVIDSON: Please proceed, gentlemen.

Sir SAM HUGHES: The point I want to make is, that taking Vickers House and Searles together, and this member of the firm having spoken to me, I never dreamed it was going to anywhere else. When I saw the shipping bill, I presume it was directed to Vickers House, as you say, but I know the word "Vickers" was in it, and I did not remark anything else about it. Everyone knows that the firm of Vickers is one of the most reputable firms in the world.

Mr. DEWART: Nobody suggests it is not. At page 4039, line 10 of Hansard, you said:—

"The hon. gentleman is not well advised in making that statement, because the documents upon their face show that the ammunition was sold to Vickers, Limited."

Sir SAM HUGHES: Certainly.

Dr. DEWART (reading):—

"and the shipping documents which have been brought down and laid upon the table show that the ammunition was shipped in care of Vickers, Limited, London, England."

Sir SAM HUGHES: Certainly.

Mr. DEWART: Do you not know it was shipped to Searles—bought by Allison and shipped to Searles, Vickers House?

Sir SAM HUGHES: I do not know it.

Mr. HENDERSON: There is not a word in the evidence from first to last to show that it was bought by Allison, and yet my learned friend reiterates the false statement.

Mr. DEWART: We will show that in a minute.

Mr. HENDERSON: And it is an obvious fact that Allison did not purchase the ammunition.

Mr. DEWART: There is nothing obvious about it.

Mr. DEWART: (To Sir Sam Hughes) You say, at page 4049 of Hansard:—

"The statement was made that the ammunition was resold. That statement is absolutely untrue."

What foundation have you for making that statement in the House?

Sir SAM HUGHES: Who do you say said this?

Dr. DEWART: You said "the statement was made that the ammunition was resold."

Sir SAM HUGHES: What ammunition?

Mr. DEWART: This ammunition we are discussing.

Sir SAM HUGHES: Read the text of my statement.

Mr. DEWART: It refers to this ammunition, it was the only thing under discussion. I read:—

"The correspondence brought down clearly shows that it was ordered by the firm of Vickers-Maxim, one of the most reputable firms in the world, and was shipped to them, and that the money was paid by them to the Bank of Montreal in England. The statement was made that the ammunition was re-sold. That statement is absolutely untrue."

What foundation had you for stating that?

[Major General Sir Sam Hughes.]

Sir SAM HUGHES: Read the rest of the statement, so that I may see what the context is.

Mr. DEWART: After that you say:—

“The ammunition was sold to Vickers-Maxim, and the address given of one of their officers.”

I have quoted all that relates to that, and I ask you what foundation you had for making the statement to the House that the statement that the ammunition was resold was absolutely untrue, and where did you get the information?

Sir SAM HUGHES: I don't know. Does it concern this inquiry whether it was resold or whether it was not?

Mr. DEWART: Some people in the Dominion of Canada think it does.

Sir SAM HUGHES: I am not particular about what some people may think; I do not care a continental. I am dealing with the facts of the case. I want to see the context of that statement, that's one time I will ask you to let me see that book.

Mr. DEWART: Certainly.

Sir SAM HUGHES: I presume it was in reference to something that Allison had bought and resold to Vickers.

Mr. DEWART: Oh, no.

Sir SAM HUGHES: Then, I do not want to see the book, because so far as the Admiralty are concerned, I do not know anything about it. If it relates to a sale to the Admiralty, I do not know anything about it. We sold it to Vickers, that is all I know about it. The attack was made that this was nominally sold by us to Searles with the intention of it being sold by our authority and with our knowledge to the Admiralty, and we never knew anything of the kind.

Mr. DEWART: About the middle of this page (4049) of Hansard, you say: “The statement was made that no order in council was passed. There was no necessity for an Order in Council in regard to the matter,” do you recollect making that statement?

Sir SAM HUGHES: I do, and I say so still.

Mr. DEWART: If that is so, why did you apply for an Order in Council on the 5th of January, 1916?

Sir SAM HUGHES: Well, General Macdonald asked me about the second order—I thought this was getting up into large sums—for small trifling sums of a few thousand dollars, or even a larger amount, I did not think it was worth while, but on account of its being war time, and defective ammunition, and coming in such large quantities as two or three million rounds, I made the suggestion to the General: “Had you not better have an Order in Council.” He said: “Perhaps so, but it is not necessary.”

Mr. DEWART: You are aware that the first two broken lots of ammunition ordered approximated a million rounds.

Sir SAM HUGHES: I knew it was quite a quantity; the General had brought a statement to me.

Mr. DEWART: Did you not inform yourself that it approximated a million rounds.

Sir SAM HUGHES: I think it was more than a million rounds, but I am not sure.

Mr. DEWART: The first two orders.

Sir SAM HUGHES: I think there was more than that. I knew I put my initials on the papers that the general put in front of me, and it didn't take the one-seventeenth part of a minute.

[Major General Sir Sam Hughes.]

Mr. DEWART: You recollect that the second sale that you sanctioned was upon an application first, for one million rounds; then a supplementary application was for another million rounds, and that the shipment amounted to 1,999,000 rounds.

Sir SAM HUGHES: I have no recollection of it. I remember glancing at it and it was quite a large quantity.

Mr. DEWART: That is approximately 2,000,000 rounds?

Sir SAM HUGHES: I never figured it up. General Macdonald had full authority as Quartermaster General to sell it, but he said he wanted my authority; there was a question in his mind whether the higher authority was himself or the district officer commanding, and he wanted the higher authority to initial the correspondence.

Mr. DEWART: They appear to be careful to answer your O.K. so far as these matters are concerned.

Sir SAM HUGHES: Some of them.

Mr. DEWART: I notice from the return to the House of Commons at page 27, which has not been put in, I am afraid, that you refer to it in this connection—I shall ask to put it in later, perhaps.

Mr. HUTCHESON: The whole return is in evidence.

Mr. DEWART: Yes, but it is not read into the record. This is a memorandum under date 11th of November, 1915, signed by Lieut.-Col. J. F. Macdonald, and it says:—

“Q. M. G.

H.Q. C-1718.

“An application for an additional million rounds of Mark VI ammunition has been received from Colonel Allison on behalf of the Vickers Company.

“Ammunition to this amount is available at Quebec. It is part of this which is *under suspicion*. Should this issue be made at same price as the last two issue, please?”

Sir SAM HUGHES: Does that say “on behalf of the Vickers Company”?

Mr. DEWART: Yes.

Sir SAM HUGHES: I see. I thought Allison was buying for himself, according to your story.

Mr. DEWART: We will probably see about that before we are through.

Sir SAM HUGHES: I did not know whether the word “Vickers” was in there or not.

Mr. DEWART: You marked that “O.K. S.H.” so that you knew of the issue of the 1,000,000 rounds.

Sir SAM HUGHES: I presume I O.K'd it; if my O.K. is on it, it is there. I remember Colonel Macdonald coming to me with a sheet and he explained it to me, and the whole thing took two seconds.

Mr. DEWART: Then there is a further note on this memorandum as follows:—

“Spoke Q.M.G. that Col. Allison wanted two millions. Told to increase to that amount.

“(Sgd.) J. F. M. W.

Did you know about that?

Sir SAM HUGHES: If I initialled it I knew it.

Mr. DEWART: Did you know there had been 1,999,000 rounds issued?

Sir SAM HUGHES: I never figured it up. When the second lot came along, I thought it was quite a lot.

Mr. DEWART: Then, apparently, in December Colonel Allison wanted another two million rounds?

[Major General Sir Sam Hughes.]

Sir SAM HUGHES: I don't know, I presume he did.

Mr. DEWART: Then, on page 50 of the printed evidence, there is a note from J. Wesley Allison to General D. A. Macdonald, Quartermaster General, which reads:

"H. Q. C-1718.

N.Y., December 18-15.

"General D. A. Macdonald, O.M.G.,

"Militia Department, Ottawa.

"Can you ship our friends, London, 2,000,000 Mark .303 six? General Hughes here and approves, but requested me to wire you.

J. WESLEY ALLISON.

Do you recollect the circumstance of being in New York with Colonel Allison when that telegram was sent?

Sir SAM HUGHES: What is the date?

Mr. DEWART: It is dated the 18th of December, 1915, seven days before Christmas.

Sir SAM HUGHES: I have no recollection of being with him when that telegram was sent, directly or indirectly. If he says I said it was all right, I presume I said so.

Mr. DEWART: He says in this: "General Hughes here and approves, but requested me to wire you." Have you a recollection of that?

Sir SAM HUGHES: I have not the slightest recollection, but I have not the slightest doubt it occurred.

Mr. DEWART: At that time were you willing that the Quartermaster General should sell an additional two million rounds to whomsoever Colonel Allison represented?

Sir SAM HUGHES: I would have no objection in the world to selling every round of this defective ammunition we had, to the Vickers.

Mr. DEWART: Allison says in this: "General Hughes requested me to wire you."

Sir SAM HUGHES: I won't dispute that at all; it is a trifling thing.

Mr. DEWART: The reason I ask you is, that having regard to that unqualified message of your friend Allison, I find in your statement, page 4049 of Hansard: "The reason I asked for an Order in Council in regard to the two million rounds was because the quantity was so large that I thought the responsibility, if anything transpired, should be divided."

Sir SAM HUGHES: In case it should be used for any other than machine gun purposes.

Mr. DEWART: That is not the way you put it.

Sir SAM HUGHES: Is it not?

Mr. DEWART: No, you say: "The reason I asked for an Order in Council in regard to the two million rounds was because the quantity was so large that I thought the responsibility, if anything transpired, should be divided." Was that the reason?

Sir SAM HUGHES: Was what the reason?

Mr. DEWART: The reason you mention there.

Sir SAM HUGHES: The responsibility should be divided in case this ammunition should go for anything other than machine gun purposes.

Mr. DEWART: What is that?

Sir SAM HUGHES: In case the ammunition should be used for Lee-Enfield rifles. I did not want anything of that kind. I did not want that ammunition to be used for the Lee-Enfield rifle, I wanted it to be used for machine gun purposes in which it was perfectly safe, or, at least fairly safe, to use it.

[Major General Sir Sam Hughes.]

Mr. DEWART: I see then, that the two million rounds, being the second amount, shipped to Allison's agents and representatives, whoever they were, was shipped; did you consider an Order in Council necessary then?

Sir SAM HUGHES: Which, the second one?

Mr. DEWART: Yes.

Sir SAM HUGHES: That is the time I asked for the Order in Council.

Mr. DEWART: You see, there were one million rounds first, then two million rounds, and then another two million rounds that he never got.

Sir SAM HUGHES: I do not know the details of it at all.

Mr. DEWART: You don't?

Sir SAM HUGHES: No.

Mr. DEWART: Do you remember the fact of your applying for an Order in Council.

Sir SAM HUGHES: I do not remember the fact of my applying; I remember talking of an Order in Council, and I remember signing an application for one.

Mr. DEWART: How many applications for Orders in Council did you sign?

Sir SAM HUGHES: I don't remember.

Mr. DEWART: Did you sign three?

Sir SAM HUGHES: I don't remember.

Mr. DEWART: Will you swear you did not?

Sir SAM HUGHES: I won't swear anything about it.

Mr. DEWART: Will you swear that the Order in Council of January 5 is the only one you asked?

Sir SAM HUGHES: I will not swear anything about it.

Mr. DEWART: Do you remember that you made an application for the two million rounds separately?

Sir SAM HUGHES: I do not remember anything of the kind. I remember signing an application for an Order in Council. As a matter of fact, we talk over these matters and decide on Orders in Council.

Mr. DEWART: Who are we.

Sir SAM HUGHES: The Deputy Minister and myself and General Macdonald. When anything comes up about an Order in Council for any purpose—which is just like signing a lease, the terms of the lease are all talked over, if they are worthy of being talked over—and the Deputy Minister of whatever department it is in has an Order in Council prepared. He brings it to me and says, "this is the Order in Council," and I take it for granted that the officer is square, and I sign it without knowing what the Order in Council is.

Mr. DEWART: What is your recollection of the amount of ammunition for which you asked an Order in Council?

Sir SAM HUGHES: I have no recollection about it.

Mr. DEWART: You spoke of two million rounds; was it only for two million rounds that you asked for an Order in Council?

Sir SAM HUGHES: Someone said it was three million rounds, I do not know. I never added it up.

Mr. DEWART: But I want your own recollection, having regard to the fact that this is a matter of public importance.

Sir SAM HUGHES: I don't give a snap whether it is of public importance or not. I signed an Order in Council for this as a matter of form, and I did not figure whether it was two millions, or three millions, or five millions. I did not read the Order in Council.

[Major General Sir Sam Hughes.]

Mr. DEWART: But there was no Order in Council.

Sir SAM HUGHES: I have some much more important matters than little piffling things like that to inquire into.

Mr. DEWART: Is the matter of so little importance to you that you never inquired about the Order in Council?

Sir SAM HUGHES: I do not know that you have any right to say "little importance." I say it is piffling in importance, compared with so many other things I have not time to attend to. I could not give much time to it and it did not require my authority for an Order in Council. General Macdonald had full authority to dispose of that ammunition without my intervention in the matter at all.

Mr. DEWART: I understand the position you take now—have you not ascertained whether an Order in Council was issued?

Sir SAM HUGHES: I have never asked the question.

Mr. DEWART: Have you not ascertained there was none issued?

Sir SAM HUGHES: I have not.

Mr. DEWART: Let me read your application for the Order in Council which is to be found on page 49 of the printed evidence:—

"H.Q.C. 1718.

January 5, 1916.

"To His Royal Highness the Governor General in Council.

"The undersigned has the honour to submit for the consideration and approval of Your Royal Highness in Council an application from Vickers, Limited, for the purchase of 4,985,900 rounds of S. A. ammunition, Mark VI.

"This is part of Mark VI ammunition which, under suspicion, was not allowed to be used with rifles in Canada. The price of the ammunition to be \$20 per thousand rounds. This ammunition, while rejected for rifle use is, however, reported to be suitable for the testing of Vickers' machine guns now being manufactured in very large numbers in England.

"The matter is respectfully submitted.

SAM HUGHES,

Major General, Minister of Militia and Defence.

Do you recollect that application now?

Sir SAM HUGHES: I do not remember; I cannot say whether that is the application I signed, or not.

Mr. DEWART: Do you realize that that was an application for an Order in Council to cover the original 1,999,000 rounds, being the second order, and the two million rounds that were never issued?

Sir SAM HUGHES: I do not know anything about it. If I signed the Order in Council my signature is there.

Mr. DEWART: You did not sign the Order in Council; you cannot do that yet.

Sir SAM HUGHES: I could sign the application for it.

Mr. DEWART: I know. Do you not realize that this was intending to cover everything that had passed before, as well as the two million rounds which were not issued.

Sir SAM HUGHES: I never paid any attention to the details, none at all.

Mr. DEWART: Let me ask you this—I presume that when you submit a matter for the consideration of His Royal Highness in Council, and you have referred to the application, the application which you refer to is sent for the Order in Council.

Sir SAM HUGHES: The application is sent to the Clerk of the Privy Council.

Mr. DEWART: You know your own words. You say: "The undersigned has the honour to submit for the consideration and approval of Your Royal Highness in Coun-

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cil an application from Vickers, Limited, for the purchase of 4,985,900 rounds of S.A. ammunition, Mark VI." Where is that application, or a copy of it?

Sir SAM HUGHES: Where is what?

Mr. DEWART: Where is this application, from Vickers, Limited, or a copy of it?

Sir SAM HUGHES: I do not know where the application is.

Mr. DEWART: Is there such an application in existence?

Sir SAM HUGHES: If that is asked for, there is an application.

Mr. DEWART: Will you be good enough to have it produced?

Sir SAM HUGHES: I don't know anything about it. If the papers show that it is applied for, it is applied for.

Mr. DEWART: That is there over the signature of "Sam Hughes, Major General, Minister of Militia and Defence."

Sir SAM HUGHES: Certainly.

Mr. DEWART: And no such application from Vickers, Limited, or a copy of such application, has been produced; will you undertake to produce it?

Sir SAM HUGHES: I will not undertake anything of the kind.

Mr. DEWART: Will you undertake to have it produced?

Sir SAM HUGHES: No.

Mr. DEWART: Will you undertake to say that such an application ever existed?

Sir SAM HUGHES: I say I took General Macdonald's word that the application was made.

Mr. DEWART: Do you not realize that this is a post-mortem application for an Order in Council, so as to ratify what had previously been done without authority, and to cover the other application?

Sir SAM HUGHES: I do not recognize that anything has been done without authority, and no one can prove that anything has been so done.

Mr. DEWART: Let me see a little further. I find that you seem to have recognized your duty of securing an Order in Council. Let me refer you to a little item at page 48 of the evidence here—will you give me the original return, please, I want to show Sir Sam the references at pages 30 and 31—just look at that, if you will, Sir Sam, and you will see your blue pencil remarks there. You will notice it is stated there by Colonel Macdonald that Colonel Allison has applied for two million rounds of S. A. Ammunition for his principals, the Vickers-Maxim Company of London; do you see that Colonel Macdonald further says: "Shall issue be made and at the price formerly charged—\$20 per thousand." You see that?

Sir SAM HUGHES: Yes.

Mr. DEWART: Then it passes along, and your memo is: "Ascertain where and by whom this is to be used." That is one sentence, is it?

Sir SAM HUGHES: Yes.

Mr. DEWART: And the next sentence is: "If sold, by Order in Council." Do you recognize that your instructions were that if it was sold it should be sold by Order in Council—that is your laconic way of putting it?

Sir SAM HUGHES: It should read: "It is to be sold by Order in Council."

Mr. DEWART: No, the note says: "If sold, by Order in Council."

Sir SAM HUGHES: Ascertain if it is to be sold by Order in Council.

Mr. DEWART: No. Do you not realize the meaning of that as I happen to read it. When the Parliamentary Return was brought down, it was printed with a small "i" reading: "Ascertain where and by whom this is to be used, if sold by Order in

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Council." There was a small "i" on the "if," whereas in the original it is a capital "I" in the "if," do you realize that is what you then meant?

Sir SAM HUGHES: I have told you that I will not answer any question that you answer yourself for me, you are answering that question yourself when you ask it.

Mr. DEWART: Do you not realize that that is what that means?

Sir SAM HUGHES: I will not answer any question when you say: "Do you not." I will not do it. You will ask your questions straight or I won't answer them.

Mr. DEWART: Do you realize that is what it means?

Sir SAM HUGHES: Now there is a proper question. I do not want to have to teach you too much.

Mr. DEWART: Well, General?

Sir SAM HUGHES: It makes all the difference in the world the way you ask a question.

Mr. DEWART: Do you realize that the meaning of that is that if it is to be sold it is to be sold by Order in Council?

Sir SAM HUGHES: The question is: "Is it to be sold by Order in Council."

Mr. DEWART: But you do not use the word "is."

Sir SAM HUGHES: This whole thing is trifling.

Mr. DEWART: You have told us that the two millions being so much you wanted to divide the responsibility, and you wanted an Order in Council.

Sir SAM HUGHES: I remember when this came up. There had been some whispering about this ammunition: that it might not be going there. I might as well tell what I have heard: that there was some question of it going to Mexico.

Mr. DEWART: That is the first lot?

Sir SAM HUGHES: No, that is the second part. The words: "If sold by Order in Council," as I read that now, and I presume I am the one is best capable of judging, mean: "Ascertain where and by whom this is to be used, and is it to be sold by Order in Council." It means that, is it to be sold by Order in Council.

Mr. DEWART: Why should the Minister of Militia, who knows all about these things, be asking information as to whether it is to be sold by Order in Council or not?

Sir SAM HUGHES: Whether General Macdonald, who was making the arrangements, wanted it to be sold by Order in Council or not.

Mr. DEWART: But you knew better than he.

Sir SAM HUGHES: I did not. I never interfere with his business. I sign any Order in Council General Macdonald brings me to sign, after having informed me what the motive is in the premises, and I sign any application that General Fiset brings me.

Mr. DEWART: Or General Fiset?

Sir SAM HUGHES: Yes.

Mr. DEWART: You think that General Fiset would have a pretty fair idea of what you meant by anything you said or wrote?

Sir SAM HUGHES: He might not interpret my language correctly.

Mr. DEWART: Did you read the interpretation he puts on it?

Sir SAM HUGHES: You read it.

Mr. DEWART: Please follow it to see that I read it correctly—you make so many insinuations that I would just as soon you would follow my reading of what General

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Fiset says here. There is a note under yours on this folio, and it reads:—

Q.M.G. Please note Minister's instructions. If this ammunition is to be sold it must be done by Order in C. and the Minister's inquiry should be fully answered.

EUG. FISET,
D.M.

In view of that, will you say that you did not intend to say that that must be sold by Order in Council?

Sir SAM HUGHES: I did not say so, and that does not say so.

Mr. DEWART: That is the best answer you can give me?

Sir SAM HUGHES: That is the best answer anybody could give you.

Mr. DEWART: Well, perhaps I will not deal with that any further, except to refer you to what you say in Hansard, page 4051, when you used these words:

This ammunition was first ordered, I say, by the members of the Vickers firm.

Sir SAM HUGHES: That means "a member of the Vickers firm."

Mr. DEWART (reading):

Finally it was ordered by Colonel J. Wesley Allison, who has the honour of being the Vickers representative.

Are you still believing in Colonel Allison's representation, as to his position?

Sir SAM HUGHES: What is the date of that statement?

Mr. DEWART: The 13th of May.

Sir SAM HUGHES: I knew, having been in England, that Allison was their representative in New York.

Mr. DEWART: You knew that?

Sir SAM HUGHES: I had learnt it.

Mr. DEWART: He disavows that, himself.

Sir SAM HUGHES: Who?

Mr. DEWART: Allison.

Sir SAM HUGHES: Does he?

Mr. DEWART: Yes.

Sir SAM HUGHES: Perhaps it is better to put it that I understood he was their representative in New York.

Mr. HENDERSON: He represented Sir Trevor Dawson.

Sir SAM HUGHES: I look upon that all as one concern. When I find any member of the Vickers firm in it, I look upon it as the Vickers firm.

Mr. DEWART: Then I find again in Hansard, that, having regard to the Auditor General, you said in the House of Commons:—

I want to tell him that I will find some means of reaching the Auditor General.

Have you endeavoured to find any means of reaching others regarding evidence that has been given in this investigation?

Sir SAM HUGHES: What is that?

Mr. DEWART: Have you endeavoured to find means of reaching others than the Auditor General?

Sir SAM HUGHES: I do not understand what you mean.

Mr. DEWART: I mean Lewis and Allison.

[Major General Sir Sam Hughes.]

Mr. HUTCHESON: To what are you referring?

Mr. DEWART: I am referring to his polite references to the Auditor General, and I say, having regard to the evidence given here, have you endeavoured to find any means—

Sir SAM HUGHES: You say Lewis and Allison—you have no evidence that Lewis or Allison undertook any contemptible or false methods of carrying on this business or carrying on their concern. They both have proven themselves gentlemen, so far as I ever heard of them—and honest men.

Mr. DEWART: Honest men. Then a little lower down, in column 4052 of Hansard, you speak of what you have heard about the ammunition having been turned over to the Admiralty at \$25 a thousand, when Vickers paid only \$20 for it, and you say:—

I do not know anything about it, only this: when I was in England, having heard the yarn, I asked one of the Vickers' officers—I think it was Mr. Searles—about the matter.

Was it Mr. Searles you asked?

Sir SAM HUGHES: What is that?

Mr. DEWART: Was it Mr. Searles you asked about the matter?

Sir SAM HUGHES: It was not; I did not say it was.

Mr. DEWART: You say you think it was Mr. Searles.

Sir SAM HUGHES: I do not know Mr. Searles to see him.

Mr. DEWART: Why did you refer to him in Hansard?

Sir SAM HUGHES: To Mr. Searles?

Mr. DEWART: Yes.

Sir SAM HUGHES: I spoke to a gentleman who spoke as though he was familiar with the details of the order here.

Mr. DEWART: Was it Mr. Searles with whom you had had the conversation?

Sir SAM HUGHES: I would not know Mr. Searles from any one of the hundred other officers of the Vickers firm, if I met him.

Mr. DEWART: You still decline to say who the person was with whom you had the conversation about what you were good enough to call "a yarn."

Sir SAM HUGHES: I certainly do; not that there is anything particular about it, but I am not going to bring a gentleman's name in here—

Mr. DEWART: There may be a reason.

Sir SAM HUGHES: There is no reason in the world, only I am not going to placard a man over a pettyfooting thing like this.

Mr. DEWART: Was it the same gentleman with whom you had the opening or original negotiations?

Sir SAM HUGHES: I had no opening or original negotiations.

Mr. DEWART: Was it the gentleman who first spoke to you about the matter?

Sir SAM HUGHES: Yes, he was present; you are right now.

Mr. DEWART: Was he the one who spoke and told you—

Sir SAM HUGHES: I spoke of it to a member of the firm and an officer. The member of the firm did not know the details of it and I turned to the officer, a clerk or something of the kind—I do not know what his position in the firm was, and I said something about the transfer and he gave me this explanation, as stated in Hansard, he gave it just casually.

Mr. DEWART: I understand. Is this the explanation that you got, as you stated in Hansard:—

"He said he did not know the details of it but that he had heard these stories. He said they had added this sum to the cost, but as soon as they found

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that the Admiralty would themselves meet the cost, they wiped out the one pound sterling that had been added, and the price stood at the \$20 that the Government charged them for the ammunition and for sending it over."

Sir SAM HUGHES: Well, I am not sure of the exact words, but if I remember aright, what he did say was this: that this was what they had done; they added this amount for one thing and another, they thought covering costs, and insurance, and exchange and so on, I remember he referred to these things. But if it were found that the Admiralty had paid it—I think he put that in the conversation—I would not say from his language that they had definitely found out that the Admiralty had paid it—but if they found out that the Admiralty was paying this extra for exchange and so on—I remember he mentioned something about having to handle it at Liverpool, or whatever the port was—that they would remove it, they would wipe out the one pound sterling that had been added.

Mr. DEWART: They would wipe it out?

Sir SAM HUGHES: If they found it had been done they would wipe it out.

Mr. DEWART: Do you make that statement in view of the equivocation of Lewis in reference to this account?

Sir SAM HUGHES: I never heard of Lewis' statement, and I don't think he would equivocate. I think it is a piece of impertinence on your part behind his back to say that. I think it is piece of impertinence on a lawyer's part to take advantage of a man behind his back.

Mr. DEWART: I am not asking you for your opinion about my conduct.

Sir SAM HUGHES: I think it is contemptible and you should be stopped from talking about Lewis equivocating.

Sir CHARLES DAVIDSON: It is desirable that this interchange should cease.

Mr. DEWART: There can hardly be a mistake in your mind about that, as to whether it had been wiped off or would be wiped off, because I find in Hansard, at the top of page 4053, you again refer to this matter, and you said in the House:—

"We are informed on good authority that on finding all expenses were paid by the Admiralty, Mr. Searles withdrew the charge of \$5."

Was it "would withdraw" or "did withdraw"?

Sir SAM HUGHES: I do not know what hour of the day or hour of the night it was to be done, or was done, or what month or what day, but I know there was an intention on their part to do it. I did not go into the details of the thing at all; it was a casual remark and that was a casual explanation of it.

Mr. DEWART: Have you gone into this matter, or are you in a position to say from a consideration of the proof and testimony in this case, whether you should not investigate the fact whether there was a rake-off of \$5 per thousand or not?

Sir SAM HUGHES: Have I what?

Mr. DEWART: Have you gone into the evidence sufficiently?

Sir SAM HUGHES: I do not intend going into the evidence. We sold the ammunition to the Vickers concern. We got our money and I don't care whether they sold it for \$25 or \$55 or \$125; that is none of my business, and I do not know that the Dominion of Canada has any right to interfere. The British Government is usually capable of looking after itself. It is the business of the Admiralty, and not ours.

Mr. DEWART: If it appears that either the Dominion of Canada or the Admiralty lost \$5 per thousand on this ammunition, through the intervention of Allison and Sir Trevor Dawson and Lewis, will you take pains to see whether the money should come back to the Dominion, or will you not?

Sir SAM HUGHES: Do you say: "if the Admiralty lost"?

[Major General Sir Sam Hughes.]

Mr. HENDERSON: Is that a fair question?

Sir SAM HUGHES: It is a piece of impertinence to ask such a question. What have I to do with the Admiralty?

Sir CHARLES DAVIDSON: It is desirable to confine the questions to matters of fact.

Sir SAM HUGHES: If I find that my department did anything wrong—

Mr. HUTCHESON: There is no evidence as alleged by Mr. Dewart.

Mr. DEWART (to Sir Sam Hughes): Look at page 2 of the return here, where you will see a rather lengthy memorandum without a signature; I presume that is your memorandum?

Sir SAM HUGHES: Pardon me—I may say in that regard, that if I find any man is taking advantage of his position in my department to extort money from any one, or to swindle—to take money or to extort graft—to take money he is not entitled to, he will hear of it. That is why I am after some motor trucks gentlemen—

Sir CHARLES DAVIDSON: That is not in evidence.

Sir SAM HUGHES: With your permission, sir, I would like to be examined on the motor truck business.

Mr. DEWART: Perhaps there are some other matters that may be referred to His Lordship yet.

Sir CHARLES DAVIDSON: My patience has been somewhat tried to-day.

Mr. DEWART: On page 2 of the Parliamentary Return there is a long memorandum unsigned. I would like to have the opinion of the minister that it is his memorandum.

Sir SAM HUGHES: That appears to be mine.

Mr. DEWART: Can you recollect the date that you made that?

Sir SAM HUGHES: I cannot.

Mr. DEWART: How long was it before May 2nd, the date of this return?

Sir SAM HUGHES: Is there no date on it?

Mr. DEWART: Apparently the return was made on the 1st of May. There is no date on it. It is headed: "Memorandum regarding Canadian Rifles, Mark II and III and Ammunition Marks VI and VII."

Sir SAM HUGHES: That was made a short time before the return was brought down in the House.

Mr. DEWART: The motion was made by Mr. Macdonald of Pictou to the House on the morning of the 6th of April, or the night of the 5th of April, and the return was made on the first of May, so that I take it that report was made for the purposes of that return.

Sir SAM HUGHES: Possibly, I would not say.

Mr. DEWART: I notice at page 1 of this report, paragraph 4, you say:—

"For many years prior to 1913, the Canadian-made ammunition was found defective. In rifle matches, blow-backs, explosions, detonations, etc., were of common occurrence, and men have been blinded, maimed and burned, but, owing to various causes, no change was made for the better."

Is there any record in your Department of men being blinded, maimed or burned?

Sir SAM HUGHES: We have paid indemnities for men injured.

Sir CHARLES DAVIDSON: Has this any bearing on the present question?

Mr. DEWART: Yes, as to the quality of the ammunition. I am asking the Minister to explain these defects and the accidents that have taken place.

Sir CHARLES DAVIDSON: You have the report of Barlow.

Mr. DEWART: But this goes a great deal further.

[Major General Sir Sam Hughes.]

Sir CHARLES DAVIDSON: Suppose it does.

Mr. DEWART: Have you any records, Sir Sam?

Sir SAM HUGHES: We have records where the Department paid indemnities for men—I do not know whether they have been killed or not—but where they certainly have been burned and maimed.

Mr. DEWART: There were thousands of blow-backs at Valcartier.

Sir SAM HUGHES: That is in Barlow's report, tens of thousands of them.

Sir CHARLES DAVIDSON: Mr. Dewart, where do you find that statement?

Mr. DEWART: At page 4 of this memorandum, the last line of paragraph 4.

Sir SAM HUGHES: The Barlow report condemned millions of them for that very reason.

Mr. DEWART: At the top of page 6 of this memorandum, referring to defective ammunition, I will read the first sentence:—

“The Canadian Treasury has received \$20 for every thousand rounds thereof. There are no records available to show what became of it, further than that it was regularly ordered and shipped to Vickers, one of the most reputable firms in the world. The assurance was given that not one cent was paid of commission by the firm to anyone, and no profit was made on it.”

Who gave you that assurance?

Sir SAM HUGHES: I had asked the Vickers firm incidentally in England if they had paid commission, and they said: No.

Mr. DEWART: Who gave you that information?

Sir SAM HUGHES: A member of the Vickers firm. When I returned to Canada I asked Allison, and he said that not one cent had been paid in commission; he said he had nothing to do with it. It was none of my business whether he got a commission from Vickers or not. We got \$20 a thousand.

Mr. DEWART: You think it was none of our business?

Sir SAM HUGHES: It was none of our business what commission Vickers paid.

Mr. DEWART: Who gave you the assurance that not one cent of commission to Allison was paid by anyone?

Sir SAM HUGHES: I tell you that Allison and a member of the Vickers firm gave the assurance.

Mr. DEWART: I trust that you realize the difference in the dates so far as this matter is concerned, Sir Sam. On the first of May this return was made to the House, and I presume you had cognizance of the return, had you?

Sir SAM HUGHES: I wrote that memorandum of my own. That is all I ever saw of it. I never read the return.

Mr. DEWART: You did not look it over?

Sir SAM HUGHES: Never saw it.

Mr. DEWART: On the 13th of May, this Commission sat in the morning.

Sir SAM HUGHES: I am not disputing that.

Mr. DEWART: I tell you that the records show that on the 13th of May in the afternoon a motion was made by Mr. McKenzie in the House, when you spoke on that motion.

Sir SAM HUGHES: I accept your statement.

Mr. DEWART: The records show that on the 25th of May, Mr. F. Orr-Lewis and Colonel Allison were examined. Mr. F. Orr-Lewis was examined at the Museum, and Colonel Allison—I think you were there a little later—was examined in the evening at the Chateau Laurier.

[Major General Sir Sam Hughes.]

Sir SAM HUGHES: I don't remember it at all. I was not there.

Mr. DEWART: I saw you there afterwards.

Sir SAM HUGHES: You saw me where?

Mr. DEWART: At the Chateau Laurier.

Sir SAM HUGHES: I may have been in the bar.

Mr. DEWART: No, there is no canteen there.

Sir CHARLES DAVIDSON: This is mere persiflage.

Sir SAM HUGHES: What is the reference to your seeing me in the Hotel? I did not know the Commission sat in the Hotel? I did not know anything about it. I was there attending to my own business. I did not know the Commission was sitting there.

Mr. DEWART: You did not hear the statement made by Colonel Allison to Mr. F. Orr-Lewis, after the rising of the Commission, in which the statement was made that telegraphing or cabling to the Admiralty would not do them any good?

Mr. HENDERSON: Is that a proper question?

Sir SAM HUGHES: I never heard that; was that given in evidence?

Sir CHARLES DAVIDSON: How could this be reachable at all, as a matter of correct testimony?

Mr. DEWART: May I put it this way--had you any discussion as to cabling to the Admiralty?

Sir SAM HUGHES: I never heard of it, I never knew a cable had been sent.

Mr. DEWART: You have not cabled to the Admiralty?

Sir SAM HUGHES: Not one word; did you say that was given in evidence?

Mr. DEWART: That was after the Commission rose.

Sir SAM HUGHES: Mere street gossip or bar-room gossip.

Mr. HENDERSON: In view of the fact that the suggestion is that such a remark was made, I think it proper I should say that I was present. I recollect the conversation between the witness and Colonel Allison that night, and no such thing was ever mentioned.

Sir SAM HUGHES: Was there any reference made to it at the inquiry; I have no recollection of it at all.

Mr. HENDERSON: There was no reference to it at the inquiry. It is the product of the fevered imagination of my learned friend.

Mr. DEWART: If my learned friend will allow me——

Sir CHARLES DAVIDSON: Let the matter drop, the initial question was not in order.

Mr. DEWART: I will let it drop for the present. (To Sir Sam Hughes): Then, I cannot get any light from you at all on the letters between F. Orr-Lewis and the Bank of Montreal, that were put in evidence at the last sitting of the Commission; you have not considered them?

Sir SAM. HUGHES: There is that "you have not" again.

Mr. DEWART: Well, have you considered the evidence about them?

Sir SAM. HUGHES: I have not considered it; I have never even read it, I do not know the first thing about it.

Mr. DEWART: You do not know what the effect of these letters is?

Sir SAM HUGHES: Don't say "you do not know". Ask me if I do know, and then tell me what the letters are.

Mr. DEWART: The letters in reference to the bank account of F. Orr-Lewis, in Trust, produced at the last sitting of the Commission.

Sir SAM HUGHES: I never heard of them and know nothing about it. What letters are there. Are they concerning me?

[Major General Sir Sam Hughes.]

Mr. DEWART: I refer to letters that passed between Lewis and the Bank of Montreal.

Sir SAM HUGHES: I do not know anything about time, and had nothing to do with them. That does not concern my department a particle. I never read a line of the evidence.

Mr. DEWART: I am beginning to realize that.

Sir SAM HUGHES: I never read a report of my own speeches.

Mr. DEWART: There is an obvious observation I would like to make to that statement; I claim the protection of the Court.

Sir CHARLES DAVIDSON: Please proceed to the next question; I have an idea of what your obvious observation would be.

Mr. DEWART: Are you aware that there is a profit of \$15,000 upon these first three orders held in F. Orr Lewis' trust account in the Bank of Montreal, New York?

Sir SAM HUGHES: I know nothing about it. If there is, I can assure you that it does not concern the Department of Militia and Defence for Canada.

Mr. DEWART: You do not know whether anyone has been pilfering in this respect or not?

Sir SAM HUGHES: I know that there is no pilfering so far as the Dominion of Canada is concerned, and that is all that concerns us.

Mr. DEWART: You do not know if Allison has been pilfering?

Sir SAM HUGHES: I do not know anything more about him any more than I do about you. I trust him so far as I trust anyone else. I do not see where he had much of a chance to pilfer; this is a small thing.

Mr. DEWART: I think that is all I desire to ask for the present. I thought that perhaps I might get light on these documents, but as General Hughes has not done us the honour to give us any light, I do not think I can hope for any.

Sir CHARLES DAVIDSON (to Mr. Henderson): Do you desire to put any questions?

Mr. HENDERSON: Not at present.

Sir SAM HUGHES: Your lordship, I just want to point this out in connection with the ammunition, that the Quartermaster-General has absolute authority to sell the whole thing without any reference to me, whatever, but out of courtesy, and it involving a considerable amount, he spoke to me and asked me about it, and got my initials. As the Quartermaster-General said, the regulations state that you require some higher authority. He was in doubt whether the higher authority meant a reference to the District Officer Commanding or to him, and he came to me. I asked him was it all right and he said "Everything is all right," and I never thought a particle about it from that day to this.

Mr. DEWART: In view of that statement, may I ask Sir Sam Hughes one further question: Can you point to anything justifying the Quartermaster-General, by virtue of Order in Council or any other regulations, selling quantities of ammunition like that outside of Canada and not for Canadian purposes?

Sir SAM HUGHES: There are regulations.

Mr. DEWART: Point your finger to one.

Sir SAM HUGHES: He sells this anywhere he likes. It makes no difference whether he sells it in Canada or not.

Mr. DEWART: Where is the regulation?

Sir SAM HUGHES: The Quartermaster-General produced it here.

Mr. DEWART: Not yet.

Sir SAM HUGHES: I understand he produced it.

Mr. DEWART: Very well.

Sir CHARLES DAVIDSON: Have you any questions, Mr. Hutcheson?

[Major General Sir Sam Hughes.]

Mr. HUTCHESON: Very few.

Mr. HUTCHESON (to Sir Sam Hughes): On that last point—are these regulations, touching the need of an Order in Council, supposed to be exhaustive?

Sir CHARLES DAVIDSON: Where are the regulations to that effect?

Sir SAM HUGHES: General Macdonald gave the instructions, I think.

Sir CHARLES DAVIDSON: Where are the regulations which adjudge no need of an Order in Council?

Sir SAM HUGHES: They are put in by Colonel Macdonald.

Sir CHARLES DAVIDSON: Which one?

Sir SAM HUGHES: There is no need of an Order in Council for anything that is destroyed. Reference is made here to ammunition that was obsolete. I understand they get an Order in Council for that. That is a different thing entirely from defective ammunition. This was defective stuff; stuff that was condemned. The obsolete stuff may be good ammunition. When we changed from the Enfields to the Martini, the old Snider rifles were sold at a dollar apiece or some trifling sum, all over the country. There was no need for keeping that old ammunition in store. I am speaking of previous Governments now. That ammunition was sold at a nominal price for the use of the farmers and the huntsmen who bought these rifles. They were good rifles and it was good ammunition. So, when the Martini was given up for the Lee-Enfield, the same thing occurred. The Martinis were disposed of or sold. There was no use taking up storeroom for them. It was not the rifle with which the troops were armed, and as I understand the Martini rifles were sold, and the ammunition was disposed of here and there throughout the country to jobbers. When the Lee-Enfield was discarded and the new Ross rifle was taken into service, the proposition was made to sell the Lee-Enfield. I happened to be the Minister then, and I thought it well to hold them, as they might be used for some Imperial purposes. And the New Zealand Government purchased these at a nominal figure. These rifles were not condemned; the ammunition for the Lee-Enfield was not condemned; it was obsolete. The ammunition of the Martini was not condemned; it was obsolete. Therefore, that was sold by Order in Council. But this ammunition, having been condemned by a board, an Imperial Board at that, so that there was no question about anything Canadian in connection with it, we had the best men we could get from England to do it—this ammunition was condemned as being defective, and being defective General Macdonald had full authority to dispose of it.

Mr. HUTCHESON: I understand the meaning of your answer to be that in the case of defective ordnance, quite aside from any question of regulations, it has never been the custom or practice to have an Order in Council for its disposal.

Sir SAM HUGHES: No. The board pronounces on it, and it can be sold by higher authority. The District Officer Commanding can do it. If, for example, Colonel Hemming, in this district, has stores to be disposed of, I am informed that he could call for public tenders, or get an offer, and by reference to the higher authority which is understood to be General Macdonald, he could dispose of it. The General's explanation to me, as I remember it, as to why he referred this matter to me, is this: I said, "Why do you bother me about it?" He said: "To comply with the regulation it must be referred to higher authority," and as I was the authority higher than he, he thought it necessary to get my initials on the matter. That is all there is to it.

Mr. HUTCHESON: In your memorandum, in which you made application for an Order in Council, covering the sale of some five million rounds of ammunition, reference is made to an application by Vickers Limited?

Sir SAM HUGHES: Yes.

Mr. HUTCHESON: Would that application of necessity be in writing?

[Major General Sir Sam Hughes.]

Sir SAM HUGHES: No, the application does not need to be in writing. I never gave it one second's thought. The General spoke to me about this application and said that the Vickers wanted it, and I thought it had reference to this machine gun business, and I said: "All right, prepare your Order in Council and rush it away."

Mr. HUTCHESON: Supposing the application were made verbally by Colonel Allison, or by any person, would you not have it acted upon without the necessity of any written application?

Sir SAM HUGHES: I should imagine so; I never bother about these details in the department. As long as the money goes to the credit of the Receiver-General, I think that is all that we are concerned about.

Mr. HUTCHESON: At the time when you made your speech, which has been referred to by Mr. Dewar in cross-examination, and at the time when you gave your evidence, had any person suggested to you that any other person or firm than Vickers, Limited, was the purchaser of this ammunition?

Sir SAM HUGHES: No, I never heard of anything of the kind.

Mr. HUTCHESON: You never heard of anything different.

Sir SAM HUGHES: I do not know yet.

Mr. HUTCHESON: You do not know anything different yet?

Sir SAM HUGHES: I do not know anything different yet.

Mr. HUTCHESON: Is any agent of Vickers, Limited, an agent of the Dominion Government, or of the Militia Department in any way?

Sir SAM HUGHES: None whatever, and I would like to point out here in reference to Allison: Allison was never in any shape or form, or manner, an agent of the Dominion Government or of the Militia Department.

Mr. HUTCHESON: You anticipate my question.

Sir SAM HUGHES: Except that early in the war I asked him to make arrangements to get some contraband stuff over. At the time, we did not know what the neutrality regulations were. I asked him then, as my representative, to do this. He was then my representative.

Mr. HUTCHESON: Your personal representative?

Sir SAM HUGHES: My personal representative for the Militia Department. I asked him officially to do it, and he accepted, and he did so, and he consented and succeeded to a certain extent, and he has got nothing but abuse for it. The next time I asked him to interfere was to purchase the material for the British Government, and he saved them thousands and thousands of dollars on this. Then, when I was requested by the British Government to obtain great quantities of various supplies, I asked him then if he—I could not attend to this thing, I had my own business to attend to—I asked him if he would attend to this, buying clothing, horses, saddlery, blankets, and all that kind of thing. I said to them that I had not time to attend to it, and I asked him: "Will you undertake the headship of a committee?" I remember suggesting General Drain of Washington, a most estimable gentleman, with him, and two or three other gentlemen, who would form this committee, with various responsible officers throughout this country as supervisors. I asked Allison if he would accept the headship of this committee, because I knew he was a very honourable and a very capable business man. If my memory serves me, I cabled to England suggesting this, and that the mode of remuneration would have to be determined by the War Office, whether it would be a straight salary or small commission for the lot of them, half per cent, one per cent one and a half per cent, I think those are the figures I named. I also communicated the idea to my colleagues in the Cabinet, to the Prime Minister, but I only suggested the formation of the committee that I was thinking of to the Prime Minister. When I went to Valcartier, I had the idea of putting Allison and Drain at the top. When I came back the following week, the Prime Minister, acting

[Major General Sir Sam Hughes.]

on my suggestion, had appointed a sub-committee of Council, which, of course, rendered the other committee ineffective. Then and only then was Allison acting as my officer or as an officer for the department. I spoke to him on later matters, such as fuses and other things, as a broker, and asked him, as I asked dozens of others, to cut the prices on these commodities to the lowest possible limit, and to get out the quantities with the greatest expedition.

Mr. HUTCHESON: If it should transpire in evidence in this case, that any profit was made or was contemplated being made by Allison, or Orr-Lewis, or any middleman—I do not say it has so transpired in evidence, but if it should transpire—do you know of any reason why the Militia Department or the Dominion Cabinet should be held accountable in any way for that?

Sir SAM HUGHES: It is none of my business. There has been no profit made, so far as the Militia Department is concerned. We sold to Vickers, Limited, or to others acting for Vickers, and they needed the ammunition, and so far as I am concerned we sold it at \$20 a thousand, and we paid no commission.

Mr. HUTCHESON: And you believe that the purchaser was Vickers?

Sir SAM HUGHES: Why certainly, I have no evidence to the contrary. Mark you, I do not care whether Vickers resold it at \$100 a thousand, or more, that is none of my business. The British Government are capable of looking after their own business; that is not our concern in the Militia Department.

Mr. HUTCHESON: So far as I am personally concerned, I join with my learned friend, Mr. Dewart, in suggesting that it would be desirable, unless there is some reason against it, that the name of this representative of the Vickers firm should be disclosed.

Sir SAM HUGHES: I do not think it makes any difference. Everyone knows to whom I refer, and I am not going to put the name of this gentleman before the public without any reason whatever.

Mr. HUTCHESON: You still prefer not to mention it?

Sir SAM HUGHES: I still will not do it. It is not necessary to do so, and it does not concern the case at all. Everybody knows to whom I refer.

Mr. HUTCHESON: Thank you, General Hughes, that is all I have to ask.

Sir CHARLES DAVIDSON: My impression is that the name may be mentioned, because it does appear in the correspondence.

Sir SAM HUGHES: Does it appear in the correspondence?

Sir CHARLES DAVIDSON: It does.

Sir SAM HUGHES: If it does, I have no objection to it appearing. The only thing is that I do not want anybody's name drawn into a petty little rotten thing like this without necessity.

Mr. HENDERSON: It is in the correspondence—he means Sir Trevor Dawson.

Sir SAM HUGHES: I do. If the name is in there is no objection to mentioning it.

Sir CHARLES DAVIDSON: I call your attention to the fact that the name is mentioned in one of the letters.

Sir SAM HUGHES: If the name is in I have no reason for withholding it, but I don't want to draw in a man's name without necessity.

[Major General Sir Sam Hughes.]

Sir CHARLES DAVIDSON: At pages 19 and 20 of the printed evidence you will find this letter:—

SEPTEMBER 8, 1915.

Confidential.

General D. A. MACDONALD,
Quartermaster General,
Ottawa, Canada.

My DEAR GENERAL,—Referring to my arrangement with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to C. A. Searles, Vickers House, Broadway, Westminster, London, at the earliest possible moment.

I have cabled asking authority to pay you from their accounts here for the above cartridges. Therefore, kindly send me your bill and I will see that it is paid.

Faithfully yours,

J. WESLEY ALLISON.

Sir SAM HUGHES: If the name has been published I have no objection to mentioning it. I told Mr. Dewart that if he would tell me that the name had been already brought out I would have no objection.

Sir CHARLES DAVIDSON: My impression is that there is no reason for not mentioning the name.

Sir SAM HUGHES: None whatever.

Sir CHARLES DAVIDSON: It appears to me there is no reason why you should not frankly state who this person was, with whom you had a conversation in New York and in England.

Sir SAM HUGHES: There is no objection in the world, so far as the facts are concerned, but I do detest bringing a man's name into a thing like this.

Sir CHARLES DAVIDSON: It is best that you should state it.

Mr. HUTCHESON: May I ask if you are aware that Sir Trevor Dawson's initials are "A. T. Dawson."

Sir SAM HUGHES: No, I only know him by the name of Sir Trevor Dawson.

Mr. HUTCHESON: Then the person whom you had in your mind when you were giving your replies to Mr. Dewart on his cross-examination was Sir Trevor Dawson, except where you especially stated that it was Searles?

Mr. HENDERSON: The witness never stated that it was Searles..

Mr. HUTCHESON: Someone whom you thought was Searles.

Mr. HENDERSON: In his statement before the House, he said he thought it was Searles, and in his present evidence he says there were a number of people there, and he could not identify them.

Sir SAM HUGHES: I had a conversation with this official; I cannot tell the gentleman's name at all, and he knew of the business and he said that he understood that was the way it was done, and he would look into the matter. It was a mere casual conversation, and I did not pay a bit of attention to it.

Mr. HUTCHESON: That is all I have to ask.

Sir SAM HUGHES: Your lordship, we had a very pleasant time to-day, but I hope you will observe that there was no justification for the assertions made by Mr. Dewart, and that the scrapping was not begun by me.

Mr. DEWART: I thought one fish-wife in the case was enough, and I left the whole job to you.

Sir SAM HUGHES: That was nice of you.

This concluded the examination of Sir Sam Hughes.

[Major General Sir Sam Hughes.]

Mr. DEWART: At page 21 of the return, in going over the return, I see that there are two items that I have omitted. They relate to the second order, being for the balance of the first 986,300 rounds, and I desire to have that read into the record. I will read them:—

Copy of Telegram.

C. 1718.

General D. A. MACDONALD,
Quartermaster-General,
Ottawa, Ont.

MORRISBURG, ONT., Oct. 8, 1915.

Telegram fourteenth received ship seven hundred fifty thousand three hundred and ten stop three hundred and three mark six to same address as others Vickers House mail account to me here.

J. W. ALLISON.
14th October, 1915.

Colonel ALLISON,
Manhattan Hotel,
New York City.

Ammunition twenty dollars per thousand boxes extra average one dollar forty-seven cents each.

GENERAL MACDONALD.

I wish to have copied into the evidence, pages 22, 23, 24 and 27 of the Parliamentary return:

C. 1718.

CASH DEBIT VOUCHER.

Issue Voucher No. B. 176.

Date: 29-10-1915.

Vickers, London.

Consigned to Mr. Searles,

M/337/1915-16.

MONTREAL, P.Q., 13th Nov., 1915.

Description of Article.	Number or Quantity.	—	Remarks.
Cartridges, S.W. Ball, 303", cordite, Mk. VI, 1912.	750,300	\$20 per 1,000. Full.	Shipped to London via SS. Kentigarn, on 29-10-1915 in accordance with P. O. O. instructions on telegram No. 60 dt.
Boxes, A.S.A. 1,000 rds. 303" in charges.		499 1-50 748-50	
No. 1 G.S. Land Mk. XI		103 1-44 148-32	
Total.		15902.82	
			19-10-1915.

W. F. C. SULLIVAN, Lt.-Col. C.O.,

Senior Ordnance Officer, M.D. No. 4 D.

C. 1718.

CASH DEBIT VOUCHER.

Issue Voucher No. B/105.

Date: 16-9-15.

Mr. C. A. Searles, Vickers, Ltd.,
London, England.

M/185/139/15.

MONTREAL, 21-9-15.

Description of Article.	Number or Quantity.	—	Remarks.
27			On payment.
Cartridges, S.A. Ball, 302" Mk. VI., 1912. (Ringed).	236,000	\$20.00 Full.	4720-00
Boxes, A.S.A., Mk. XV	198	1.44	285-12
" A.S.A., 1,000 rds., 303 in charges No. 1.	13	.....	19-50
			5024-62

D. of C. & E.

Usual price to be charged.

30-9-15.

Sgd. D. A. M.

E. TELLIER, Major C.O.C.,

for Senior Ordnance Officer,

M. D. No. 4 D.A.

(On Command).

Issue Voucher No. D. 132.

Date: Nov. 26th, 1915.

Mr. A. E. Searles,
c/o Vickers, Limited,
London, England.

I.O. /6561. Q. 546.

dt. 17/11/15 15-16.

Description of Article.	Number or Quantity.	—	—
Section 27—		\$ cts.	\$ cts.
Boxes, A.S.A. G.S. land Mk. XI.....	1,226	2 27	2,783 03
Cases, wood, packing.	592	0 15	88 80
Cartridges, S.A. Ball 303 Mk. VI.....	1,999,800	20 00	39,996 00
		(per M.)	
Total			42,867 82

1906..... \$ 19,118 00

1907..... 880 00

Total..... 19,998 00

12-1-16.

Col.

P. O. O.

J. A. MORIN, Lt.-Col.,

Senior Ordnance Officer M.D. No. 5th Div.

Q.M.G.

An application for an additional million rounds of Mark VI ammunition has been received from Colonel Allison on behalf of the Vickers Company.

Ammunition to this amount is available at Quebec. It is part of this which is *under suspicion*. Should this issue be made at same price as the last two issues, please?

J. F. MACDONALD,

Lt.-Col., P.O.O.

Ottawa, 11-11-15.

O. K.

S. H.

Spoke Q.M.G., said that Colonel Allison wanted 2 millions. Told to increase to that amount.

J. F. M.

I read that last correspondence on page 27 of the evidence because it is the only document that fixes Colonel Macdonald's knowledge of the transaction here, and I think it has not been read into the record.

At this point, I wish to ask Colonel Macdonald a question.

Colonel J. FRASER MACDONALD, already examined, recalled:

By Mr. Dewart, K.C.:

Q. Is there any written record of an application by Colonel Allison for the increase from one million rounds to two million rounds?—A. No, none that I know of. There was no writtent request for the increase from one to two million rounds. I think that there was verbal application for the increase to two million rounds.

Q. The question I ask is, whether there was any written request from Colonel Allison, or whether there is any document on the file to show application to increase the second order, from one million to two million rounds; whether there is anything in writing to show that, or whether it is simply a verbal application to General Macdonald on which the Department acted. Your lordship will see that the telegram on the next page is later in December, and that relates to a matter as to which there was no shipment made, owing to the Order in Council being refused. The one on December 18th refers to the order that did not go through. I want to know whether there was any application for that additional two million rounds in writing?—A. I do not know of any.

Mr. DEWART: I thought it odd, my lord, because I cannot find any application for that additional one million in writing, and Colonel Macdonald explains that by saying it was a verbal application to the General.

Sir CHARLES DAVIDSON: That is a memo which says that an application for the additional million rounds has been received from Colonel Allison on behalf of the Vickers Company?

Mr. DEWART: That is increased to two million rounds, and I want to know whether the extra million was asked for in writing, and Colonel Macdonald says it was verbal.

Sir CHARLES DAVIDSON: Is there anything further to be put in evidence this afternoon?

Mr. DEWART: I think not. I want General Macdonald in the morning, and I will be very short with him.

Sir CHARLES DAVIDSON: Mr. Smith, have you any submission to make?

Mr. SMITH: Not this afternoon, my lord.

Mr. DEWART: Mr. Brown, the Director of Contracts, is here, and I have a few questions to ask him.

[Colonel J. Fraser Macdonald.]

HARRY W. BROWN, Director of Contracts, already sworn.

By Mr. Dewart, K.C.:

Q. It has been sworn here that you have to do with the fixing of prices for matters, such as this Mark VI ammunition that was sold—had you anything to do with fixing the price at which this ammunition was sold?

Sir CHARLES DAVIDSON: What page of the evidence have you reference to?

Mr. DEWART: Page 61. Colonel Macdonald says there:—

Q. Have you anything to do with fixing the prices at which this is to be sold?—A. No.

Q. You merely carry out instructions. Who does fix the prices?—A. The prices, as a rule, are fixed between the Dominion Arsenal and the Director of Contracts. They fix the prices between them. It is based on the cost.

With reference to this Mark VI, regarding which we find that Colonel J. Wesley Allison was negotiating, and which found its way to Vickers House, did you have anything to do with fixing the price of it?—A. No.

Q. Were you consulted about it?—A. No. I hardly agree with what Colonel Macdonald says there. What I mean is, that in case of the sale of condemned, or defective, or obsolete stores, I should not say it was at all the usual thing for the Quartermaster General to refer to the Director of Contracts as to the fixing of prices.

Q. But in the case of defective ammunition that was under suspicion since the 1st of August, 1914, or the fourth of August, 1914, would you be consulted?—A. As I understand it, it is not a question of routine at all. Defective or obsolete ammunition is very rarely sold, as I understand it. I do not remember ever since I have been there that such a matter has been referred to the Director of Contracts.

Q. How long have you been there?—A. I have been there thirteen years.

Q. You would have absolutely nothing to do with this?—A. Absolutely nothing.

Q. Your name was mentioned and I wanted to know if you had any negotiations with Colonel Allison with reference to this matter?—A. Absolutely nothing, I knew nothing of the sale until long after it had occurred.

Sir CHARLES DAVIDSON: Have you anything to do with the fixing of the price as regards the sales of effective ammunition?

Mr. BROWN: No, sir. This Mark VI ammunition, and practically all ammunition that has been used by the Department prior to the outbreak of the war, was made by the Dominion Arsenal, which is a Government factory, under the control and supervision of the Master General of the Ordnance, and the prices in that case would be fixed or ascertained by the superintendent in the arsenal, of course. He knows the factory costs and so on. Since the outbreak of the war we have bought ammunition from other factories, and I think the orders were given from the contract branch in that case, but that has no reference to this matter at all.

Sir CHARLES DAVIDSON: Suppose Mark VII ammunition was to be sold to rifle associations or other parties, would you expect to be consulted as to the price?

Mr. BROWN: No, sir.

Sir CHARLES DAVIDSON: Mark VII, it being remembered, is an effective cartridge.

Mr. BROWN: No, sir, I should not. It might be so; the Quartermaster-General might refer to me but not in the ordinary course.

The witness retired.

(The Commission then adjourned until to-morrow morning, Wednesday, June 21, at ten o'clock.)



ROYAL COMMISSION.

OTTAWA, Wednesday, June 21, 1916.

The Commission met this morning.

PRESENT:

The HONOURABLE SIR CHARLES DAVIDSON, Knight.

Commissioner.

Mr. JAMES A. HUTCHESON, K.C., *Counsel, to aid and assist the Commissioner in the Inquiry.*

Mr. HARTLEY H. DEWART, K.C., *Counsel for the Liberal party.*

Mr. R. C. SMITH, K.C., *Counsel for Vickers, Limited.*

Mr. JOHN FRASER, I.S.O., *Auditor General.*

Mr. THOMAS P. OWENS, *Clerk of the Commission.*

General D. A. MACDONALD, already sworn, recalled:

By Mr. Dewart, K.C.:

Q. General Macdonald, I see that you were examined in this matter by Captain Thompson, K.C., on the 13th of May last, you remember the circumstance?—A. Yes.

Q. At that time you said that you had no definite or clear recollection of what passed between Colonel Allison and yourself, at your first meeting, except that he had come to you from the Minister, that is the way you put it, in connection with obtaining some of this ammunition. That will be found at page 9 of the printed evidence. Have you refreshed your memory at all so as to speak more accurately with reference to your first conversation with Colonel Allison about the purchase of the ammunition?

General MACDONALD: I have striven to try and recollect whether I could remember anything more than I stated there, but really that is just as I remember it now. I cannot give any impression as to anything definite that passed between him and me at the time. I do not think we had much of a conversation. My recollection is that he was with me but a few minutes, and that I had really no conversation with him about it.

Mr. DEWART: These conversations with the Militia Department appear to take up very little time.

Sir CHARLES DAVIDSON: What is that?

Mr. DEWART: Sir Sam told us yesterday that one conversation took only a quarter of a minute, and another half a minute.

Sir CHARLES DAVIDSON: Oh, well.

Mr. DEWART: Was your conversation with Allison as short as the conversation that General Sir Sam told us of yesterday?

General MACDONALD: I do not think it was as short as that, but it was not long, because my recollection is that I sent for the Director of Clothing, Colonel Macdonald, and told him what was wanted, and gave him the authority for the issuing. That is all I can remember.

By Mr. Dewart, K.C.:

Q. That is all you can recollect?—A. Yes, really, that is about as I remember it.

Q. Then, having regard to that, can you quite explain what Mr. Allison said in his letter of the 8th September, which is to be found on page 9 of the evidence, and which Captain Thompson read to you:—

General D. A. MACDONALD,
Quartermaster General.

OTTAWA, Canada.

My DEAR GENERAL,—Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges for Sir Trevor Dawson, I have just received a cable requesting me to have these shipped to:—

G. A. SEARLES,

Vickers House,

Broadway,

Westminster, London.

J. W. ALLISON.

This letter says: "Referring to my arrangements with you some time ago"—can you cast your memory back and recollect what arrangements had been made by Mr. Allison with you?—A. I cannot conceive of anything except that he was to get the ammunition and that perhaps we were waiting for direction as to the shipping. I cannot conceive of anything else, because there was no arrangement, as far as I remember. He may have had reference to instructions to follow as to shipping, or something of that kind, and perhaps paying, but I do not know.

Q. No, it cannot be that, because he refers here to arrangements for the purchase?—A. That would be part of the purchase, I suppose, the shipping.

Q. Please do not suppose, try and give me your most correct recollection. I do not wish to press you too far, but here is a definite statement made by a man regarding whom we have Sir Sam Hughes' assurance yesterday that his word is better than my own oath, and, therefore, I desire to know to what this refers. He says: "Referring to my arrangements with you"—that is you, General Macdonald—"some time ago for the purchase of 236,000 rounds."—A. I have not the smallest recollection, nor have I the smallest understanding of what he meant. There was no arrangement that I can remember of.

Q. Then would you say that there had been no arrangement previously made by you with Mr. Allison?—A. Oh, well, when he came to see me about the ammunition; there is no doubt he was told he would get the ammunition, there is no doubt about that.

[General D. A. Macdonald.]

Q. Pardon me, this letter is addressed to you in the most affectionate terms "My Dear General," and it says: "Referring to my arrangements with you some time ago for the purchase of 236,000 .303 Mark VI cartridges, etc.," what I am anxious to ask you is: was there, or was there not, such an arrangement between Allison and yourself as would be indicated by that phrase in his letter of September 8?—A. I can remember of nothing specially.

Q. Sir Sam was good enough to say in his evidence, at page 3 of the printed evidence, that when a member of the Vickers firm, who turned out to be Sir Trevor Dawson, spoke to him about this matter, he said:—

I said I knew nothing about that, that it was in the Quartermaster General's Department, and that if they would have their Canadian agent see the Quartermaster General he would make any arrangement necessary as the disposition of all defective stores was in his hands entirely.

I call your attention to that last phrase "the disposition of all defective stores was in his hands entirely." What do you say as to that; is that correct?—A. Well, the disposal of defective stores, or condemned stores, would naturally come under my supervision and disposal.

Q. You would hardly feel that at the time in question, the fall of 1915, that the disposal of the Mark VI ammunition, which at that time was not to be destroyed, was under your personal disposal?—A. Which was not to be destroyed?

Q. Yes, you remember General Gwatkin's memo "Not to be destroyed unless further ordered." It was being held?—A. Well, I will tell you, that is a matter of opinion you see, as to General Gwatkin's opinion, as to what should be destroyed or not destroyed. In fact, he has nothing to do with that part of it. But we were instructed to keep a minimum quantity of ammunition, good, bad, and indifferent, on hand. When the three million rounds were sold to Allison, we were far beyond the minimum amount of ammunition, and the inferior ammunition had been replaced by the superior ammunition, Mark VII.

Q. Quite so, but what I ask you is this: when the application was made for two million rounds of the ammunition, first in November, and second, in December, 1915, did you feel you had authority to dispose of that, without some other authority passing upon it?—A. Yes, certainly, except the authority to sell, which I got.

Q. Which you got from whom?—A. From the Minister.

Q. And with the Minister's authority you felt you were at liberty to sell?—A. Yes.

Q. You felt you had to have that?—A. Well, I got it anyway.

Q. Did you notice that little phrase in his memorandum: "If sold, By Order in Council?"

General MACDONALD: I would like to see that.

Mr. DEWART: It is at page 48 of the printed evidence. In the original, as we had it before us yesterday, it is part of the same sentence, but formed a separate paragraph—

Sir CHARLES DAVIDSON: I am unable to appreciate that there is any essential difference in the meaning between the two.

Mr. DEWART: In the copy sent to the House in the Parliamentary return, it is part of one sentence, with a small "i" for "if" and in the other the sentence is underneath.

Sir CHARLES DAVIDSON: What is the difference?

Mr. DEWART: The difference, as I put it, is this: the Minister's memorandum is "Ascertain where and by when this is to be used," in one line. Then the next line, with a capital "I" is: "If sold, by Order in Council."

Sir CHARLES DAVIDSON: Now, what is the difference; point it out to me in precise fashion, if there be any, the difference between that reading of it and the reading of it as it appears in the copy.

Mr. DEWART: The interpretation I put upon it was, that if it is to be sold, it is to be sold by Order in Council.

Mr. HUTCHESON: General Hughes said yesterday plainly, that that was not the meaning of it.

Sir CHARLES DAVIDSON: Let me get that.

Mr. DEWART: I say that the meaning of it is, that if it was to be sold it was to be sold by Order in Council.

Sir CHARLES DAVIDSON: I want to get at this, apart entirely from any extraneous evidence.

Mr. DEWART: Your lordship will see that the memo. about eight lines from the bottom, reads—

Sir CHARLES DAVIDSON: What I want to get at is the meaning of this as it appears in the copy, and any difference of meaning there may be as it appears in the original.

Mr. DEWART: The only difference is this: that in the original there is a substantive sentence in a different line with a capital "I" and the original reads: "If sold, by O. C."

Sir CHARLES DAVIDSON: That is a physical fact; what is the difference between that and the copy.

Mr. DEWART: If that ran along, as it is in the copy, it would read: "Ascertain where and by which it is to be used, if sold by Order in Council."

Sir CHARLES DAVIDSON: Well?

Mr. DEWART: I take it that there was a request made: "Ascertain where and by whom it is to be used." That is the question. Then, there is the second part: "If sold, by Order in Council." That is to say, if sold, it must be by Order in Council. Of course, General Hughes says that is not the case.

Sir CHARLES DAVIDSON: I cannot appreciate that distinction; I must confess that I cannot appreciate any difference in the meaning.

Mr. DEWART: General Fiset appreciated it, because he interpreted this order to mean that if this ammunition is sold it must be sold by Order in Council, and he says in his memo that the Minister's inquiry should be fully answered.

Sir CHARLES DAVIDSON: I am not referring now to the memorandum; I am pointing my inquiry as to the difference between the original and the copy as a matter of meaning, with respect to that particular memorandum.

Mr. DEWART: If you put a small "i" for the "if," it may be simply an inquiry as to where and by whom this was to be used if sold by Order in Council; but, in the other case, it is a direct instruction that if sold, it was to be sold by Order in Council. That is the interpretation that I suggest.

Sir CHARLES DAVIDSON: I cannot see any essential difference between the original and the copy, except the physical fact that in one you have a capital "I" and in the other you have a small "i," for "if." They both seem to me to have the same meaning.

Mr. DEWART: I get your lordship's thought.

The examination of General MACDONALD continued:

Mr. DEWART: In any event, General Macdonald, what ammunition was there referred to was not sold without an Order in Council?

General MACDONALD: No.

Mr. DEWART: It was not sold at all?

[General D. A. Macdonald.]

General MACDONALD: The last two millions have not been sold at all.

Sir CHARLES DAVIDSON: I desire to have it made quite clear, either one way or the other, as to whether or not the recommendation for the Order in Council, mentioning, as it does, five million rounds, was intended to include the previous sales of three million rounds?

General MACDONALD: I think so, sir.

Mr. DEWART: There is no question as to that.

General MACDONALD: I think so.

Sir CHARLES DAVIDSON: Is it intended to be a covering authority for your previous sales?

General MACDONALD: Yes, for what had been sold in addition to the two million rounds, for which a request was then made. That is, as I understand it.

Sir CHARLES DAVIDSON: You proposed to cover all your past transactions in relation to the movement of this ammunition?

General MACDONALD: Yes, my lord.

By Mr. Dewart:

Q. Tell me, General Macdonald, do you know whether there was any application for an Order in Council of an earlier date than the one on the 5th of January, 1916?—A. I do not think so, sir.

Q. You know of none?—A. No.

Q. You do not personally know of any?—A. No.

Sir CHARLES DAVIDSON: To my mind, the evidence makes it obvious that there was none.

Mr. DEWART: The reason I asked the question was because of Sir Sam's observation, in his own evidence, that he applied for an Order in Council for the two millions, as being a larger amount for which he wanted current authority.

Mr. DEWART: Then, have you any recollection, General Macdonald, of your interview with Mr. Allison, as he was then, Colonel Allison as he is now, at the time you first saw him with reference to this matter?

General MACDONALD: Nothing beyond what I have already stated.

Mr. DEWART: You said in your evidence, at the bottom of page 9 of the printed evidence, in answer to a question put to you by Captain Thompson, K.C., and referring to Colonel Allison, this—the question is:—

“Q. Did you think he (Colonel Allison) was buying it personally?”

And your answer is:—

“A. I thought, from a hint that he indirectly gave me, that this ammunition was being purchased for the use of the Imperial people, and in making a sale I felt that, if it were required for a purpose of that kind, we were doing rather a good turn to these people overseas as well as getting a return ourselves for what was defective ammunition.”

Will you explain what you meant by that answer? In what way were you doing a good turn for what you believed to be the Imperial people overseas, by getting rid of the defective ammunition and putting it upon them?

General MACDONALD: Well, they knew what they were buying; they knew it quite well.

Mr. DEWART: Who knew it?

General MACDONALD: Mark VI was the ammunition asked for by Colonel Allison, and there must have been some——

Mr. DEWART: Please don't say "must have been."

General MACDONALD: Well, there was, I suppose; whatever I stated there is true. The impression I had at the moment was that from something he said the ammunition that he was buying was intended for the Imperial people. That was the impression left on my mind. I asked no questions of him. That is still the impression I have.

Mr. DEWART: Then, having regard to the fact that he left the impression upon your mind that this was for the Imperial people, in what way did you think you were doing rather a good turn to the people overseas by getting rid of defective ammunition?

General MACDONALD: I think they required the ammunition or they would not be seeking it.

Mr. DEWART: What way did you think you were doing a good turn to them by getting rid of defective ammunition?

General MACDONALD: Well, if I had an impression at all, as I must have had, that the ammunition was asked for by the Imperial people, I must have felt that they wanted it, and that it would be doing them a good turn to let them have it.

Mr. DEWART: Having regard to the Barlow report, and your own memoranda, and General Hughes' evidence with reference to this ammunition, in what way did you think, with the knowledge that you appear to have gathered that it was going to the Imperial people; in what way did you think you were doing them rather a good turn by giving them defective and known to be defective ammunition?

General MACDONALD: So far as defective ammunition is concerned, I am not responsible for defective ammunition.

Mr. DEWART: I understand that. I don't suggest that.

General MACDONALD: No, I am not an expert.

Mr. DEWART: In what way did you think you were doing the Imperial people a good turn?

General MACDONALD: I got authority to sell the ammunition, and if the ammunition were asked for by them, and we were able to give it to them, it was naturally the impression I had, there was nothing very emphatic about it, but the impression I had was that we were doing then a good turn if they wanted it.

Mr. DEWART: In what way did you think you were doing them a good turn by giving them defective ammunition?

General MACDONALD: I did not consider the question of defective ammunition; they asked for Mark VI ammunition, and we gave them Mark VI.

Mr. DEWART: Your answer to Mr. Thompson on the former occasion was: "We were doing rather a good turn to these people overseas, as well as getting a return ourselves for what was defective ammunition.' Do you realize that that answer means that you were putting defective ammunition over upon the Imperial authorities?

General MACDONALD: Not a bit of it.

Mr. DEWART: Ammunition that you would not use yourselves.

General MACDONALD: Not a bit of it.

Mr. DEWART: You don't realize that?

General MACDONALD: No, I do not at all.

Mr. DEWART: You don't?

General MACDONALD: No.

[General D. A. Macdonald.]

Mr. DEWART: Will you give me any other explanation of what the good turn was that you were doing to the people overseas?

General MACDONALD: I do not know that I can give anything more than I have already told you.

Mr. DEWART: Then I take it that Allison knew this ammunition was defective.

General MACDONALD: Oh, I think so, I do not know positively that he did.

Mr. DEWART: You swear he knew that ammunition?

General MACDONALD: Yes, he asked for Mark VI.

Mr. DEWART: And at page 10 of your evidence, you say that he knew that ammunition.

General MACDONALD: Yes.

Mr. DEWART: That has reference to the defective quality of the ammunition?

General MACDONALD: Yes.

Mr. DEWART: You have no doubt that he did know that?

General MACDONALD: I have no doubt.

Mr. DEWART: You said: "They asked for it; I do not know for what purpose."

General MACDONALD: I do not know yet.

Mr. DEWART: And there was no suggestion that it was being used for machine gun practice purposes?

General MACDONALD: Well, I would not like to swear positively there was not.

Mr. DEWART: You said: "I do not know for what purpose."

General MACDONALD: Yes. I did not know, and I don't know now.

Mr. DEWART: How did you fix the price at \$20 to Allison; was he with you when you fixed the price?

General MACDONALD: That was the price we had been selling this ammunition for all along, to the Militia and to the rifle associations and to all the persons who buy Government ammunition. It had been sold for \$20 a thousand rounds all along.

Mr. DEWART: Perhaps my question was not fairly put; I should have divided it. I thank you for answering the first part of the question, but I do not think the latter part of my question was answered. I ask you: was that price fixed at the interview between Allison and yourself?

General MACDONALD: Oh, no, it was not.

Mr. DEWART: Was it discussed?

General MACDONALD: No, I do not think it was; I have no recollection of it; I do not think there was any bargain made at all.

Mr. DEWART: Am I to understand that he had no discussion with you at all as to the price at which he could get this ammunition?

General MACDONALD: Not at that particular time anyway, because we did not settle it; the price was discussed between Colonel Macdonald and myself.

Mr. DEWART: I understand that, that is in the evidence; but you will understand that there were two orders came in, one on September 8, and the other on October 6, and up to that time there is no evidence of any fixing of the price. What I want to get at is this: is it not a fact that when Colonel Allison was with you on one of these occasions, that he spoke to you, that on one of these occasions the price was discussed with him?

General MACDONALD: I have no recollection. I think that perhaps the price was fixed, but I do not know. I would not like to say it was not, but I have no recollection of discussing with Allison the price, although it is very natural that we should discuss it. The price was fixed, and it was only when the bill was sent to him possibly, that he

may have known what we were charging him for it. I do not say that positively, but I have no recollection really of fixing the price with Allison.

Mr. DEWART: May I suggest, General Macdonald, that it is a very extraordinary thing for a man to purchase a large quantity of ammunition, and not have any understanding as to what the price was before he bought it?

General MACDONALD: It would only be the first purchase that that would apply to. Of course, the price was fixed upon the first purchase of the 236,000 rounds.

Mr. DEWART: You appear to have been the fixer.

General MACDONALD: Not exactly. The price had already been fixed for the ammunition, by regulations, at \$20 a thousand, and we did not change that, we stuck to the \$20 a thousand.

Mr. DEWART: But I am suggesting that, so far as the purchaser is concerned, that you would have some understanding with him, and that he would not purchase a pig in a poke.

General MACDONALD: He must have been told that it would be \$20 a thousand rounds, but that would be for the very first purchase.

Mr. DEWART: You would not expect this shrewd business man, Colonel Allison, to buy it if he thought he was going to pay \$30 a thousand for it?

General MACDONALD: No.

Mr. DEWART: Did he think he was going to pay \$10 a thousand for it?

General MACDONALD: I do not think so. I do not remember any question about the price he paid.

Mr. DEWART: Is it your best recollection that it was understood that he would be charged \$20 a thousand rounds?

General MACDONALD: \$20 a thousand rounds.

Mr. DEWART: With him?

General MACDONALD: Yes.

Mr. DEWART: It must have been?

General MACDONALD: It must have been, yes.

Mr. DEWART: Quite so. Look at the memorandum which appears on page 50 of the printed evidence, and which reads:—

H.Q. C—1718.

NEW YORK, December 18, 1915.

General D. A. MACDONALD, Q.M.G.,

Militia Department,

Ottawa.

Can you ship our friends, London, 2,000,000 Mark 303 six? General Hughes here and approves, but requested me to wire you.

J. WESLEY ALLISON.

Then, on the following page, under date December 20, there is a telegram to you:—

MORRISBURG, ONT., December 20-15.

General D. A. MACDONALD, Q.M.G.,

Militia Department,

Ottawa.

Please wire answer Morrisburg my telegram regarding two million more.

J. WESLEY ALLISON.

[General D. A. Macdonald.]

What answer did you give to that telegram?

General MACDONALD: I do not remember giving any answer. I do not think I did.

Mr. DEWART: Is it not rather extraordinary, that that repeated request, in two telegrams, one on the 18th and one on the 20th December, should pass without an answer? I want to know how you communicated with him. Did you communicate with him by telephone?

General MACDONALD: No.

Mr. DEWART: Did you speak to the minister and ask the minister to communicate with him, or how did it happen?

General MACDONALD: I do not remember.

Mr. DEWART: You see, General Macdonald, what I am pointing out to you is this: there is a long gap between the 18th and 20th of December and this application for the Order in Council on the 5th of January. Would it bring it back to your recollection that there was an application by the minister for an Order in Council in reference to that two million rounds that was refused—can you explain how there is nothing on the record to show that there was any answer?

General MACDONALD: No, I cannot, as things stand here.

Mr. DEWART: That is my trouble too. Here is a request on the 18th of December from New York for two million rounds. I find a further inquiry by telegram from Morrisburg on the 20th of December for two million rounds, and the only next thing I find is the minister's request for an Order in Council on the 5th of January.

Mr. HUTCHESON: There is something else. On the same date, the 20th of December, we have General Macdonald's memorandum, which is to be found on page 30 of the departmental return, and there the minister says "O.K." and General Fiset appends a note to that.

Mr. DEWART: There is an attempt made to deal with it, so far as the Militia Department is concerned, but I am asking General Macdonald what reply was sent to Colonel Allison.

General MACDONALD: I think it very likely now, that the telegram that was sent by Allison was handed over to the Director of Clothing and Equipment, and based upon that telegram he prepared this memorandum. I think that is what follows.

Mr. DEWART: Why was that particular telegram handed over to the Director of Clothing?

General MACDONALD: I do not think we considered it necessary to answer the telegram, as we took steps to act upon it.

Mr. DEWART: There was considerable talk about the previous ammunition.

General MACDONALD: There is not much delay there; what is the delay there?

Mr. DEWART: The memo. is under date the 20th of December, but there is nothing to show what is the date of the memo. by the minister. The first telegram is dated December 18, the next is dated December 20. I find on looking at the file, my lord, that Mr. Hutcheson is quite right in saying that there is a period in that memorandum of the 20th of December, 1915, between the words "if sold" and the words "by Order in Council."

Sir CHARLES DAVIDSON: I would like to have entered in the evidence the exact memo. in descriptive form, as it appears in the original.

Mr. DEWART: Then, I desire to put now upon the record, a descriptive statement as to this particular document under consideration, which in part appears upon page 48 of the printed evidence.

Sir CHARLES DAVIDSON: Why do you say "in part?" Let me see if your idea of the omission is the same as mine.

Mr. DEWART: There is omitted from this what was apparently an original memo. of the Minister "O.C. S.H." That was in blue pencil and it is scratched out, and there are also the words "old condemned ammunition," scratched out here.

Mr. HUTCHESON: I have never seen that at all.

Mr. DEWART: It is in the Minister's handwriting, and is scratched out. As your lordship desired, I will read it.

Sir CHARLES DAVIDSON: It is all in blue pencil. Mr. Owens could make an exact copy of it into the evidence.

Mr. DEWART: That is perhaps the better way. The document of which Mr. Owens can make a copy and put it upon the notes is, so far as the typewritten part is concerned, under the signature of Colonel J. F. Macdonald. Then the next memorandum is: "Minister says O.K., D.A. McD. 20-12-15." This memorandum appears in blue pencil: "old condemned ammun." in the Minister's handwriting, and these words are struck out. And these three words had been underlined. Then the next in the Minister's handwriting is: "O.C. S.H." and these words are stricken out. And on the first line following, is: "Ascertain where (which is interlined) and by whom this is to be used. S.H." Then, on an independent line in blue pencil, in the Minister's handwriting, as he admitted, is: "If sold. By O.C."

The following is the memo as it appears in the original:—

Ottawa, 20-12-15.

Minister say O.K.

P.O.O.

Old condemned amm.

(These words are crossed out.)

O.C. Ascertain *where* and by whom this is to be used?

S.H. If sold, by O.C.

(These words are
crossed out.)

(Sgd.) S.H.

Q.M.G.

Please note Minister's instructions. If this ammunition is to be sold, it must be done by Order in C. and the Minister's inquiry should be fully answered.

EUG. Fiset,

D.M.

Mr. DEWART: The question I was asking General Macdonald was, what record is there in the department to show any answer or communication from the department to Colonel Allison, after his telegram of the 20th December, and before the minister's application for an Order in Council on the 5th of January?

General MACDONALD: -Nothing, except that memo. of date 20th December.

Mr. DEWART: Then, from your recollection, tell me what happened, so far as that application was concerned, of Colonel Allison's for an additional two millions, from New York on the 18th December, and from Morrisburg on the 20th of December? Before the minister applied for this Order in Council of the 5th of January, something must have intervened.

General MACDONALD: This memo. was prepared, saying he had asked for the two millions, and then the matter was taken up by the deputy, as I remember, in reference to the Order in Council, and I do not think that after that it came back, or, I do not remember of it coming back.

Mr. DEWART: Was there any communication with Colonel Allison in the meantime?

General MACDONALD: Not that I am aware of.

Mr. DEWART: By telephone or otherwise, was he communicated with during that period?

[General D. A. Macdonald.]

General MACDONALD: I cannot tell you.

Mr. DEWART: Was there any discussion between the minister and yourself, or the deputy minister and yourself, as to the necessity for this Order in Council?

General MACDONALD: I do not think there was any special discussion, but it was talked of in Council, I think, if I am not mistaken.

Mr. DEWART: Do you mean the Militia Council?

General MACDONALD: Yes, but I would not be sure about that. The deputy, I think, took the ground that there ought to be an Order in Council, and the minister did not object, as I remember.

Mr. DEWART: He applied for it, as a matter of fact, but can you tell me what discussion took place with reference to these two million rounds of ammunition that had been asked for by Allison?

General MACDONALD: I do not remember a single word.

Mr. DEWART: It seems odd that there was no reply to him.

General MACDONALD: I suppose we did not consider it necessary because the action was taken at once, as you will see by that memorandum, showing he had asked for it.

Mr. DEWART: When did you find that the Order in Council was not to be granted?

General MACDONALD: I do not think there was any further action, nor has there been since.

Mr. DEWART: Did you know of the sale to the Northwest Mounted Police, or the issue to them, of 500,000 rounds of ammunition, Mark VI, of the manufacture of 1910?

General MACDONALD: Yes, I knew of the application for it.

Mr. DEWART: That, I believe, was issued the very day before the minister's application for an Order in Council. It was issued on the 4th of January, after some correspondence, and the minister's application for the Order in Council for this other sale, was made on the 5th of January.

General MACDONALD: I do not remember the dates.

Mr. DEWART: With reference to the second issue of ammunition, you remember General Macdonald that the first sale through Allison—I will put it that way because I do not say to whom it was sold—the first sale through Allison was 236,000 rounds?

General MACDONALD: I think so, yes.

Mr. DEWART: The next sale was 750,300 rounds?

General MACDONALD: Yes.

Mr. DEWART: Making a total of 986,300 rounds.

General MACDONALD: Yes, I think so.

Mr. DEWART: Then there was an application, as we find, for 1,000,000 rounds—I think you will find it upon the return at page 27—an application by Allison for one million more rounds, and as I recollect the document—I have not got it before me at the moment—on that document it is referred to by Colonel Macdonald as ammunition “under suspicion.” Is that right; it is said to be under suspicion?

General MACDONALD: Yes.

Mr. DEWART: That is marked “O.K., S.H.” in blue pencil?

General MACDONALD: Yes.

Sir CHARLES DAVIDSON: It is also noticeable that in the copy there is an interlineation of the words “under suspicion” and this does not appear in the original. It is a matter of no importance, except that we seem to be exercising great precision.

Mr. DEWART: Your lordship also will notice that it is a remarkable thing that on the memorandum are the words "I.O. 6561, 2,000,000 rounds," and that is not on the copy at all.

Sir CHARLES DAVIDSON: No, that had better be introduced.

Mr. DEWART: This memorandum, on the 11th of November, 1915, being an application for an additional million rounds, which forms part of the second shipment, you remember, General Macdonald?

General MACDONALD: Yes.

Mr. DEWART: It bears the minister's "O.K., S.H.," and then appears a memorandum by Colonel Macdonald, apparently—he swore it is in his writing: "Spoke Q.M.G. (that is yourself) that Colonel Allison wanted two millions, told to increase to that amount." What is this memorandum here "I.O. 6561, 2,000,000 rounds."

General MACDONALD: I think that is the indent.

Mr. DEWART: Is that in your handwriting?

General MACDONALD: No, that is in Colonel Macdonald's handwriting.

Mr. DEWART: I am trying to get at something from some witness that would show how that application came from Allison for the increase of the second one million to two million rounds?

General MACDONALD: Is it not shown here?

Mr. DEWART: There is not a scrap of paper to show that there was anything from Allison in the way of a request for that. What is your recollection of how that application came for the increase from one million rounds to two million rounds?

General MACDONALD: I have no recollection, I am sorry to say, about it. I have no doubt that that is perfectly right.

Mr. DEWART: I want to know how the business of the Militia Department is run, and the point is this, may I state it briefly: there is an apparent application that is referred to there for one million rounds of ammunition. Nine hundred and eighty-six thousand three hundred rounds had already been issued. Then, there is your memo. or rather a memo. from Colonel Macdonald, saying that you said to increase that to two million rounds, and as a matter of fact upon the strength only of what appears on that sheet of paper that you have before you, 1,999,000 rounds being the approximate two millions of the increased order asked for, were issued or sold. Now, what I want to find is this: is there any application from Allison, or from anybody else, for that increased order? Nobody else has been able to produce it, and the memorandum there is that the Quartermaster General says to increase to that amount.

General MACDONALD: I have no doubt that there must be some authority in the office; some application from Allison.

Mr. DEWART: Why is it not produced?

General MACDONALD: I do not know. There is no reason why it should not be produced, if we have it.

Mr. DEWART: I am not suggesting that for a minute, but an officer of the long experience that you have, General Macdonald, would not likely take upon yourself the responsibility with a verbal request, of selling one million rounds of ammunition.

General MACDONALD: No, but still, of course, this memorandum must have passed through the minister, because his "S.H." is here for the two million rounds.

Mr. DEWART: But does he O.K. the two million rounds?

General MACDONALD: I think so; I should take that to mean the two million rounds.

Mr. DEWART: What is there to show. This first O.K. is apparently only for one million. If you notice his O.K. is higher up in the document than the second memorandum by Colonel Macdonald regarding the increase to two millions.

[General D. A. Macdonald.]

General MACDONALD: I do not think that would make any difference because there is a further memo. right under the minister's initials.

Mr. DEWART: To what does that refer "I.O. 6561 for 2,000,000 rounds"?

General MACDONALD: I think that is our authority to the Ordnance Officer at Quebec. I take it to be that, but I am not very sure.

Mr. DEWART: I have been trying to get from somebody how it was that the Militia Department dealt with and sold an additional million rounds of ammunition without anything in writing to show how it was ordered, and that so far as the evidence of any witness shows, to show that there was even an oral application.

General MACDONALD: Well, this memorandum shows that there was an application, whether it was verbal or not I am not prepared to say. But, I imagine that the application would be in writing, and I imagine that that must be available.

Mr. DEWART: I do not want any imagining.

Sir CHARLES DAVIDSON: It is a matter that can be very easily verified.

General MACDONALD: I think so. Colonel Macdonald would recollect this better than I, because this is a matter of detail.

Sir CHARLES DAVIDSON: Can you look into the matter in half an hour and see what it is?

General MACDONALD: Yes, sir.

Mr. DEWART: The reason I ask the question is that Colonel Macdonald's memo is "Spoke Q.M.G. that Colonel Allison wanted two millions. Told to increase to that amount. J. F. M." Apparently you took the responsibility to increase?

General MACDONALD: What I imagine I did was to take this memorandum up to the Minister. That is what I imagine I did do. I would not swear to that positively, but that is what I did, I think.

Mr. DEWART: If you can give any better explanation later, as his lordship suggests, you might do so—referring now to the last two million rounds that were not issued, but were insistently applied for by Allison on the 18th and 20th of December—

Sir CHARLES DAVIDSON: Point me to the evidence which justifies the assertion that it was insistently applied for. I want to be precise as to where I can find support for that.

Mr. DEWART: By his telegram of the 18th and 20th of December, to be found on pages 50 and 51 of the evidence and pages 28 and 29 of the return.

Sir CHARLES DAVIDSON: I would not consider that insistent. I would consider it to mean that he wanted a prompt reply by wire to his telegram.

General MACDONALD: I now have an explanation of "I.O. 6561." That refers to the issue order.

Mr. DEWART: Then there was an issue order in that particular.

General MACDONALD: Yes, the issue order went to the Ordnance officer.

Mr. DEWART: To make the issue.

General MACDONALD: Yes.

Mr. DEWART: Would that be here or a copy of it?

General MACDONALD: Certainly.

Mr. DEWART: That can be produced?

General MACDONALD: Yes.

Mr. DEWART: His lordship has objected to the use of my word "insistent" referring to Colonel Allison's telegrams of the 18th and 20th December. I have put it to you this way: if there had not been this memorandum or request from the Deputy Minister, upon his interpretation of what the Minister had written—

Sir CHARLES DAVIDSON: What I desired to do, Mr. Dewart, was to have from you a reference as to the evidence which caused you to use the word "insistent." That is simply a courteous request.

Mr. DEWART: I withdrew the word the moment your lordship suggested it.

Sir CHARLES DAVIDSON: You are speaking now as if I objected to your using the word. You made reference to these two telegrams, and I read them as a telegraphic request for this additional quantity of ammunition, of the 18th, and a further telegram of the 20th, asking that the reply be wired to Morrisburg.

Mr. DEWART: If there is anything that you consider not proper in my reference, I ask that it be stricken out.

Sir CHARLES DAVIDSON: Not at all.

Mr. DEWART: If there was not in this memorandum or request from the Deputy Minister regarding the Minister's application for two million rounds of ammunition, as referred to at page 51 of the evidence, would you have issued the two million rounds upon the Minister's O.K.?

General MACDONALD: Would I have?

Mr. DEWART: Yes?

General MACDONALD: I think so. You are speaking now of the two millions that were held up for an Order in Council.

Mr. DEWART: I am speaking of the last two millions.

General MACDONALD: Exactly.

Mr. DEWART: Would you have issued that on the Minister's O.K.?

General MACDONALD: Yes, I would.

Mr. DEWART: Without an Order in Council?

General MACDONALD: Without an Order in Council?

Mr. DEWART: I understood that the Minister, Sir Sam, said yesterday that he suggested an Order in Council, as the amount was so large.

General MACDONALD: Well, I think that really came from the Deputy, both of us perhaps; I think it came from the Deputy Minister; I do not think I ever entertained the idea that an Order in Council was necessary.

Mr. DEWART: Then it was the Deputy Minister that wanted an Order in Council rather than yourself?

General MACDONALD: I beg pardon.

Mr. DEWART: Was it the Deputy Minister who was so insistent on an Order in Council, rather than yourself?

General MACDONALD: I do not think that he was insistent at all. He simply mentioned that he thought it ought to be by Order in Council, and there was no objection taken to that. That is my recollection.

Mr. DEWART: Was he the person who wanted it?

General MACDONALD: I think so, and everybody else was willing there should be an Order in Council, so far as I know. I did not object to it at all, and I do not think the Minister did; I think he was quite willing.

Sir CHARLES DAVIDSON: I have not yet heard why the 2,000,000 rounds were held up and why they were not issued.

General MACDONALD: Why were they not issued?

Sir CHARLES DAVIDSON: Yes?

General MACDONALD: I think that was owing to the suggestion of having an Order in Council for them, as far as I know.

Sir CHARLES DAVIDSON: The Order in Council was not passed?

[General D. A. Macdonald.]

General MACDONALD: The Order in Council was not passed, nor is it passed yet.

Sir CHARLES DAVIDSON: Did it become a question as to whether these two million rounds were available as a matter of prudence?

General MACDONALD: The ammunition was available, my lord.

Sir CHARLES DAVIDSON: Have you any further witnesses?

Mr. DEWART: No, my lord.

Sir CHARLES DAVIDSON: Or are there any of the witnesses already examined to whom you desire to put additional questions?

Mr. DEWART: No, my lord.

Mr. R. C. SMITH, K.C.: In as much as the names of two of the Directors of the Canadian Vickers, Limited, have been mentioned in the course of this inquiry, I have been instructed by the company to appear. I do not certainly propose to place much evidence before your lordship. The Auditor General in his examination, page 206 of the evidence, produced an official communication from the Colonial Office, to His Royal Highness the Governor General, and I understand, or rather I have been instructed, that some communication has since been received in further reply to the request made for information by His Royal Highness. I, therefore, desire to ask the Auditor General, with your lordship's permission, if he has received any such communication.

Mr. DEWART: If there is any cablegram which asks for this information, that also might be produced.

Mr. SMITH: I am not aware of any official cablegram.

Mr. DEWART: Or unofficial, if my learned friend's clients cabled I would like to know what information they asked for, as well as what the reply was.

Mr. SMITH: If cables have passed between my clients and myself, I am afraid I shall not be able to produce them for my learned friend's information. I need scarcely say that I have had no communication with the Admiralty nor with the Colonial Office. I have had the courtesy extended to me of perusing what I am now desiring to produce, and it appears perfectly plain that it is in further reply to the request which has been produced, and which is printed at page 206 of the Auditor General's evidence. I may say at once that any communications which I have had with my clients have been of an entirely confidential character, and it would be impossible and improper for me to produce them. I should have hesitation in asking his lordship to put in any cablegram coming from myself. It would not have any characteristic of evidence whatever.

Sir CHARLES DAVIDSON: Mr. Auditor General desires that the matter should stand for a little while, in order that he may have authority to produce this cablegram. It has been communicated privately to counsel, but it is marked "secret." I concur with the hesitancy of the Auditor General in producing it, until he has some further authority to produce it.

Mr. SMITH: I would merely make this observation with your lordship's permission: I am quite confident that the Auditor General desires that the fullest publicity should be given to everything which is pertinent to this examination and investigation, and I am also confident that the Auditor General desires to render the fullest justice to every one concerned. Therefore, as no doubt his own discretion may play some considerable part in the publication of this document, I put it to the Auditor General whether a communication identical in character with what he has produced, and explanatory of what he has produced, should not have the same publicity.

Mr. DEWART: Although I do not propose to offer further evidence, I desire to put in a calculation, which I think is only fair, and my learned friend can have an opportunity of considering it. I have gone to the trouble of analyzing the account, as put in by the manager of the Bank of Montreal, of Mr. Orr-Lewis, and the vouchers produced by the Militia Department, of which I have handed a copy to my learned friend,

and I have made a careful calculation which shows the exact difference, according to my contention, of the moneys that are now in the Bank of Montreal. Your lordship will find on the first page a calculation with reference to the first account, for the 986,300 rounds of ammunition.

Sir CHARLES DAVIDSON: Yes, you might leave that until you make your fuller statement.

Mr. DEWART: I want that your lordship and my learned friend should have it under consideration. The result is that while, as Mr. Orr-Lewis said, the account is not closed with the Admiralty and was an open account, it appears that the balance to the credit of F. Orr-Lewis trust account No. 2 in the Bank of Montreal, New York, is, including other matters, \$68,328.12, and my contention will be that it is earmarked.

Mr. SMITH: What is this?

Mr. DEWART: I am putting it forward so that it may be considered. It gives a total of \$64,537.97, that is directly traceable to this small arms ammunition matter, in that bank account, leaving only \$3,800 that is not actually traced.

Mr. HUTCHESON: Does your calculation make it plain that the alleged profit is still in the bank account?

Mr. DEWART: Yes.

Mr. SMITH: This is not evidence at all, of course.

Mr. DEWART: I desire to give my learned friend an opportunity of showing that there is a balance in this account that is not settled, and that we quite frankly admit is not settled.

Mr. HUTCHESON: The statement is prepared upon the assumption, and begging the question, that the account is settled, because he calls it a profit.

Mr. DEWART: That has reference to Mr. Lewis' letter.

Mr. HUTCHESON: That, of course, is open for argument.

Mr. DEWART: Then, I file the following statement:—

Calculation Showing the Moneys received from the Admiralty and Passed to the Credit of F. Orr-Lewis' Account No. 2 in the Bank of Montreal, New York, and the Disposition Made of these Moneys as Shown by the Bank Accounts and Correspondence between the Bank and F. Orr-Lewis, and also from Vouchers Produced by the Militia Department.

Item A.—Calculation as to the first two shipments ordered by Allison. (These were the last paid for by the Admiralty through Dawson to credit Lewis account No. 2.)

	Rounds.
September 8/15.....	236,000
October 6/15	750,310
	<hr/> 986,310

(The 10 odd rounds were omitted in all calculations.)

See Militia Cash Debit vouchers. Return pp. 22 and 23.

p. 22. Cost of 236,000 cartridges at \$20 per M	\$ 4,720		
Boxes	\$ 285 12		
Charges.....	19 50		
	<hr/>	\$ 5,024 62	
p. 23. Cost of 750,300 cartridges at \$20 per M	15,006		
Boxes	748 50		
Charges	148 32	15,902 82	
	<hr/>	<hr/>	
	\$ 19,726	\$ 1,201 44	\$ 20,927 44

[General D. A. Macdonald.]

But the letter to Allison from Colonel Macdonald of November 23, 1915 asked for only \$20,926.94 (50 cents difference.)

Consider Lewis' Letters and Bank productions:

Letter January 12, 1916 from Lewis (Item A.) Admiralty had not then paid at \$25 per M.

Letter January 24.—Bank of Montreal advises Lewis of A. T.

Dawson's remittance by Merchants Bank, etc., of	\$ 24,658 00
Deduct amount paid to Receiver-General	20,927 44

Balance to Lewis' credit on this item	\$ 3,730 56
---	-------------

Letter January 28 from Lewis shows boxes not paid for by English remittance of \$24,658.

Therefore add the amount for boxes and charges, as per Cash Debit Vouchers above	1,201 44
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Total	\$ 4,932 00
\$5 per thousand profit on 986,300 rounds is	4,931 50

Probably the error corrected of December 29th letter.	\$ 0 50
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N.B.—The further credit item in the New York account on March 9th per Merchant's Bank account would appear to be referable to the unpaid amount for boxes and charges.

Remittance	\$ 1,130 42
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There are no March letters produced to show adjustments of Exchange, etc., to cover the \$71 shortage, but no doubt they exist.

Item B is fully explained by Lewis' letter of Jan. 12, 1916.

Actual amount transferred by Admiralty.	\$29,448 00
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The profit of \$5.00 per M on the face of the letter and boxing charges, etc., is put at one million rounds.	26,176 00
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<i>Item C</i> .—Similarly by same letter of Jan. 12 as to for another million rounds.	26,176 00
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But <i>Items B & C</i> must be considered together for which items the total to credit of the account was.	52,352 00
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On Jan. 18, 1916, transferred to Receiver-General for 1,999,000 rounds.	42,867 82
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Leaving to Lewis' credit (<i>Items B & C</i>).	\$ 9,485 12
--	-------------

Add commissions and telegrams.	169 85
--	--------

Making.	\$ 9,654 97
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But note his letter of Jan. 13 "P.S." No. of Boxes exceed items mentioned. So this approximates the anticipated profit on the 2,000,000 rounds of \$10,000.

<i>Item D</i> .—Remittance to Lewis, order blocked and no delivery. . .	49,951 00
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The balance to the credit of the F. O. Lewis Trust account No. 2 in the Bank of Montreal, N.Y., is (including other matters).	68,338 12
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We have earmarked:

Profit—Item A.	\$ 4,932 00
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" —Items B & C.	9,654 97
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Item D, Admiralty Money intact.	49,951 00
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Total.	\$64,537 67
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Leaving only \$3,800.00 not directly traced.

The following is a copy of the issue order referred to, as No. 6561, and also to be inserted in the Minutes:—

Issue Order No. 6561.

ISSUE ORDER.

Station: Ottawa. Date: 17-11-15.

To be issued by: O. O. Quebec.

To: Mr. E. A. Searles.

Authority: P.O.O. Telegram 546, dated 17-11-15 (C. 1718) Section 27.

Cartridges, S.A. Ball .303" Mk VI.

(1906)

2,000,000

S.O.O., 5th Division, Quebec. For necessary action and to be placed on board first available vessel leaving Quebec consigned to Mr. E. A. Searles c/o Vickers, London, England.

Sgd. S. V. COOKE,

Lieut. for Principal Ordnance Officer.

Ottawa, 17-11-15.

Mr. DEWART: There is in this issue order a reference to P.O.O. telegram 546, dated 17-11-15. Where is that telegram?

General MACDONALD: I presume it will be found in the office.

Later, General Macdonald sent the following telegrams to the Clerk of the Commission:—

OTTAWA, 17-11-15.

Senior Ordnance Officer,
Citadel Hill,
Quebec.

546. Prepare for shipment one million rounds of .303 ammunition, mark six, all to be same year manufacture.

P.O.O.

OTTAWA, November 20, 1915.

Senior Ordnance Officer,
Citadel Hill,
Quebec.

612. My 546 17th instant and I.O. 6561 one million rounds mark six ammunition, Vickers. Stay all action until further instructions from this office.

P.O.O.

OTTAWA, November 23, 1915.

Senior Ordnance Officer,
5th Division, Que.

656. My 546 and 612 and issue order 6561 ship as soon as possible. Wire me ship and date sailing.

P.O.O.

OTTAWA, November 25, 1915.

Senior Ordnance Officer,
5th Division, Quebec.

714. Reference my telegram 546 and 656 steamship *Montreal* left Quebec to-day, will reach Empress Pier about noon. Ship this ammunition and if you

[General D. A. Macdonald.]

can possibly do so ship an additional million of the same ammunition. Arrange with divisional commander for necessary fatigues as ship should not be delayed longer than possible. Do not issue transport requisition, charges forward.

P.O.O.

Sir CHARLES DAVIDSON: The new appearance of Mr. Smith, makes it convenient, Mr. Dewart, that there should be a statement on your part as to the items in the Bank of Montreal account No. 2, which, in your belief, are open to suspicion as regards any possible connection with Colonel Allison.

Mr. DEWART: I do not understand that Mr. Smith appears for Allison.

Sir CHARLES DAVIDSON: No, but it affects the account on the payments. These were payments in Orr-Lewis' account.

Mr. DEWART: I would not have counsel misunderstand what I desire to say. I have prepared a statement which I handed to your lordship this morning; it is an analysis of the Lewis account.

Sir CHARLES DAVIDSON: These items might be referred to, which excited your special attention or remark, when this account was in the hands of Mr. Parker, the bank manager. Reference to them will be found at page 185 of the evidence. There were three items. The first one, that of \$4,000, it specifically states, it is dated the 21st of December, 1915, is entered as paid to J. W. Allison. Then comes two other items, under date December 20, 1915, made up of the cost of telegrams to Quebec, \$1.97, and one-eighth commission on account payment, \$167.85, making a total of \$169.82. Then, proceeding to another part of the evidence, you also have emphasized as pertinent to this inquiry a third item, a third debit item, under date March 7, 1916, of \$4,125, the reference to which you accompanied with the statement that there was nothing to show what it is. If Mr. Smith's clients have any concern in the manner in which they were brought before the Commission, I would like him to be aware of their existence. I obtained the inference, during the discussion which accompanied and followed the reference to these items, that you thought that possibly these two additional sums were paid out to Allison by way of commission. I am not sure whether I am correct in that inference or not.

Mr. DEWART: The position I purpose taking is that there is undistributed \$15,000.

Sir CHARLES DAVIDSON: But these are debit entries.

Mr. DEWART: Yes, my lord.

Sir CHARLES DAVIDSON: There are none of them distributed; they are debited and paid out of the account; they do not fall within that category.

Mr. DEWART: The position I take, so far as the account is concerned, is that there is undistributed \$15,000 in that account to-day.

Sir CHARLES DAVIDSON: We know as to that, but what as to these three items which are disposed of?

Mr. DEWART: That is for somebody else to explain. I cannot bring any one from New York; I cannot bring Mr. Lewis here to explain it.

Sir CHARLES DAVIDSON: Are these items, like the ammunition "under suspicion?"

Mr. DEWART: I can say nothing with reference to them, my lord.

Sir CHARLES DAVIDSON: Do give us all the assistance you can in that respect. Should the inquiry be pursued further. On the face of them, except as regards the first there does not appear to be any other serious pursuit that can be made, because there is nothing which connects them with the payment of commission.

Mr. DEWART: The witnesses that could explain them are not under my control, or within your lordship's jurisdiction. I cannot explain them.

Sir CHARLES DAVIDSON: Did you ask Mr. Lewis when he was here?

Mr. DEWART: The account has only been produced since Mr. Lewis took his sudden departure. He would not produce the account.

Sir CHARLES DAVIDSON: Not a sudden departure; do let us be fair and just.

Mr. DEWART: I have tried to be fair, but some things are almost beyond one's patience. Everybody had to hurry up to suit the convenience of Mr. Lewis and Mr. Allison. Mr. Lewis had a very convenient memory.

Mr. SMITH: My learned friend should not say that.

Mr. DEWART: I say it deliberately. Since his lordship has made the remark—

Mr. SMITH: And saying it deliberately makes it all the more improper. My learned friend has no right to come before this tribunal, or any other tribunal, and insult anybody.

Mr. DEWART: I insulted nobody. His lordship suggested examining Lewis with reference to an account which was not in my possession, and an account which was not presented until after he left. Under these circumstances, my remark to his lordship was quite within the limit, because it was impossible to examine him upon that, before your client took his departure.

Mr. SMITH: Your remark that Mr. Lewis had a convenient memory is not within reasonable limits or professional privilege before this or any other tribunal.

Sir CHARLES DAVIDSON: When I made the objection when Mr. Dewart spoke of the sudden departure of Mr. Lewis, it was because Mr. Lewis had openly stated days and days before that he would be called by pressing business to England, in connection with war matters.

Mr. HUTCHESON: And Mr. Dewart says that Mr. Lewis refused to produce these accounts. My recollection is that Mr. Lewis did not refuse to produce the account, that he stated that he had not it with him, and that he had not time to get it between his notice to appear here and the time of his examination, but he was perfectly willing to submit these accounts.

Mr. DEWART: These are matters of argument, and I shall reserve them for my argument to your lordship.

JOHN FRASER, I.S.O., Auditor General, already sworn, recalled:

Mr. SMITH, K.C.: Have you obtained permission to produce the cablegram which you have in your possession?

Mr. FRASER: Yes.

Mr. SMITH: This was communicated to you from Government House?

Mr. FRASER: From the Governor General's office.

Sir CHARLES DAVIDSON: Let it be read.

Mr. FRASER: I have received the following communication from the Governor General's Secretary, and I have permission to produce it before the Commission. It reads:—

From Mr. Bonar Law to Governor General.

LONDON, June 16, 1916.

With reference to my telegram June 3rd following further message from the Admiralty, begins:

The ammunition forming the subject of an official inquiry under Sir Charles Davidson has been duly received by the Admiralty and has been found entirely satisfactory. The manner in which the purchase and payment was

[General D. A. Macdonald.]

carried out for the ammunition, boxes, etc., is in accordance with instructions that were issued to the Admiralty's representative. The special account opened with the Bank of Montreal at New York is not yet closed, there being a balance on deposit which will be accounted for to the Admiralty.

BONAR LAW.

Mr. DEWART: There is nothing that you knew of to show what communication called for this last cablegram?

Mr. FRASER: I do not know of anything at all in connection with it, except that I have received it in the manner in which I have presented it.

After conference between the Commissioner and Counsel:

Sir CHARLES DAVIDSON: As I understand it, it is now finally decided that counsel will assist the Commissioner by sending in written statements setting forth their views of the results of the evidence taken in this inquiry, and that each shall be lodged with the Commissioner on or before Wednesday next.

The Commission then adjourned to meet in Ottawa on Wednesday, the 28th June.

The Clerk of the Commission telegraphed to Mr. O'Connell, K.C., Counsel for the Auburn Woollen Mills Company, stating that the case would be continued on that day.



ROYAL COMMISSION.

OTTAWA, Wednesday, June 28, 1916.

The Commission met this afternoon at two o'clock.

PRESENT:

THE HONOURABLE SIR CHARLES DAVIDSON, Knight,
Commissioner.

Mr. JAMES A. HUTCHESON, K.C., Counsel, to aid and assist the Commissioner in the Inquiry.

Mr. THOMAS P. OWENS, Clerk of the Commission.

At the sitting of the Commission:

Sir CHARLES DAVIDSON: I have received through the post at twelve o'clock to-day, from Mr. R. C. Smith, K.C., a memorandum respecting the connection of the Canadian Vickers, Limited, with the sale of small arms ammunition.

I have also now received from Mr. Hutcheson, K.C., who is present, a memorandum as to the facts disclosed, as he views them.

I have also received through the Clerk of the Commission, from Mr. Dewart, K.C., his argument in the case.

(To Mr. Hutcheson): Does Mr. Henderson propose making any statement?

Mr. HUTCHESON: I have not heard him say that he does. I do not know if he is aware that the argument is to be filed to-day, because I mentioned it to him this morning and he made no statement, one way or the other, as to what he intends to do, and I did not ask him any questions.

Sir CHARLES DAVIDSON: It is desirable that he should state whether or not he intends to make any statement in writing.

Mr. HUTCHESON: I will communicate with him.

Sir CHARLES DAVIDSON then read the following letter to the Clerk of the Commission:—

DEAR MR. SECRETARY,—I to-day received and have perused and now deliver to you the statements of:—

Mr. Hutcheson, K.C., to aid the Commissioner.

Mr. Dewart, K.C., of counsel for the Liberal party.

Mr. R. C. Smith, K.C., on behalf of Canadian Vickers, Limited.

Please deliver concurrently and at your earliest convenience to each counsel copies of the statements of the other counsel; also copies to me.

You are further desired to have these statements put on record and printed in ordinary course.

Believe me,

Sincerely yours,

C. P. DAVIDSON.

To THOMAS P. OWENS, Esq.,

Clerk of the Commission.

The argument of Mr. Geo. F. Henderson, K.C., counsel for Col. J. Wesley Allison, was subsequently received by the Clerk of the Commission.

INQUIRY INTO SALES OF SMALL ARMS MUNITIONS SINCE 4TH AUGUST, 1914.

Argument of Jas. A. Hutcheson, K.C., Counsel to Aid the Commissioner:—

At the outbreak of the Great War the Militia Department of Canada found itself supplied with a very considerable quantity of short arms ammunition, .303 Mark VI. The Honourable the Minister of Militia found, on making investigation, that, partly from natural deterioration, and partly from faulty manufacture, this ammunition was not satisfactory. In 1913, he requested the War Office to send out two of their best experts, and accordingly Sir H. W. W. Barlow and Major Ogilvie from Woolwich Arsenal came to this country, and, after extensive examination and inquiry, make an exhaustive report dated 19th June, 1913, which is in evidence. At page 46 will be found a summary of their recommendation, which was that ammunition made prior to February, 1908, be destroyed and that ammunition subsequent to that date be ringed, visually examined, and subjected to firing proof. This work of ringing the manufacture subsequent to 1908 was well under way when the war broke out, having been commenced early in 1914. All of the 1908 supply was ringed, examined, and tested; 467,500 rounds were passed as serviceable and 149,600 rounds condemned as dangerous. The 1912 manufacture was next ringed; 1,287,000 rounds were ringed, of which all were found serviceable except 12,100. In addition, 140,800 rounds of 1912 were ringed, but not inspected because the work necessarily stopped when the war began.

Subsequent to the making of the Barlow Report, steps were taken to correct the faults in manufacture with such good results that the ammunition being made is of a high standard and entirely satisfactory. The policy of the department was and is to keep a minimum stock of ammunition on hand, gradually getting rid of the supply under suspicion by destruction or disposal as the new supply increased. The manufacture of Mark VII began at the end of the year 1912. As the stock of Mark VII increased, Mark VI was gradually withdrawn from use and recently an order was made prohibiting its use for any military purpose.

We are asked to inquire into and investigate the facts and circumstances of, or connected with, the sale or disposal of small arms munitions since August 4, 1914, referred to in returns made to the House of Commons on 1st and 2nd May, 1916.

The only transactions as to which comment appears particularly desirable are sales of three lots, aggregating about 3,000,000 rounds for the British Admiralty, and the sale of 500,000 rounds to the Northwest Mounted Police.

The shipments for the Admiralty were sent to G. A. Searles, connected with Vickers, Limited, London, and were as follows:—

On 16th September, 1915, 236,000 rounds of Mark VI, 1912.

On 29th October, 1915, 750,300 Mark VI, 1912.

On 26th November, 1915, 1,911,800 of Mark VI, 1906, and 88,000 of Mark VI, 1907.

All of these sales realized to the Militia Department \$20 per thousand rounds, and all of these sales were authorized by the Minister of Militia.

Complaint is made that there should have been an Order in Council authorizing these sales. This proposition appears to be quite debatable. The Minister declares that for the disposal of any sort of defective ordnance no Order in Council is necessary or customary, and that the Quartermaster General has full authority to deal with the matter. Nevertheless it appears in evidence that an application was subsequently made for an Order in Council ratifying these three sales for the Admiralty and authorizing a further sale of 2,000,000 rounds for which application was made in December, 1915. A number of departmental regulations authorized by the Privy Council are in evidence regulating the disposal of ammunition to the Canadian Militia Corps. There is not, however, in evidence any regulation relating to the sale of ammunition to other than the Canadian Militia, nor is there in evidence any law or custom determining in what cases an Order in Council is needed. It is to be borne in mind that there is a great war upon our country's hands and that many matters of form which would perhaps be otherwise more carefully observed must give way to matters of substance, the need of attention to which is more pressing. It is submitted that, while Orders in Council may be considered desirable in all such cases, their absence should not be censured.

It is further contended that this ammunition was sold too cheaply. After reading the Barlow Report, the evidence of Major-General Sir Sam Hughes, and the evidence of Colonel Harston, it is not difficult to conclude that none of the Mark VI ammunition could be rated as first class, or could command the market price procurable for Mark VII ammunition. It is to be observed that substantially all of the Mark VI ammunition sold by the department within the period comprised in the departmental return was sold at the regular rate of \$20 per thousand rounds, this being the rate fixed when supplies were sold to our own Militia Depots.

It should not be a matter of surprise that the same rate should be fixed for the British Admiralty as had been adopted for our Canadian Militia.

Colonel Harston says that if the 1912 ammunition was ringed and tested he would value it at about \$25 per thousand, if not ringed he would only value it at \$3.50 per thousand, the breaking-up price. The first two lots sold were Mark VI, all of which had been ringed and most of which had been tested. The third lot was Mark VI, 1906 and 1907, none of which had been ringed. Having regard to the cabled statement from Bonar Law that all of this ammunition had been found satisfactory, it would seem to be a fair conclusion that on the average a reasonable price had been obtained and there does not seem good ground for a finding that the ammunition was sold at too low a figure. If it were not for the cablegram from Bonar Law of June, 1916 (which stated that this ammunition had proved satisfactory) there might be very good ground for holding that the price of \$20 a thousand was, in the aggregate, too large a sum to charge for this ammunition.

Complaint is further made that, in some way, the Militia Department and its officials should be held accountable for the sum of \$5 per thousand rounds, being a profit alleged to have been made on a resale of this ammunition to the Admiralty.

The salient facts are as follows: Major-General Sir Sam Hughes was spoken to, early in 1915, by Sir Trevor Dawson, who had, in some way, learned that the Militia Department had some defective ammunition which could be disposed of, and which would be suitable for machine-gun purposes. Subsequently, Colonel Allison, representing Sir Trevor Dawson, spoke to Major-General Hughes and to General Macdonald regarding the purchase of this ammunition, and, on 8th September, 1915, he wrote General Macdonald referring to arrangements which the latter stated had been made with him some time ago, for the purchase of the first lot of this ammunition "for Sir

Trevor Dawson," and giving the address "G. A. Searles, Vickers House, Broadway, Westminster, London," to which to ship. Colonel Allison, in giving his evidence, conveyed the impression that this sale was being made to the Vickers firm (see pp. 23, 26).

Major-General Hughes was undoubtedly left by Colonel Allison with the same impression (see Hansard, p.—, and p.—, of the evidence).

On 6th October, 1913, Colonel Allison wrote further to General MacDonald stating that he had just received instructions from London to order the second of these three lots of cartridges to be shipped to the same address.

The order for the third lot was also given through Colonel Allison, and was presumably a verbal request, as nothing in writing from him can be found. It also appears that he verbally requested a sale of a further 2,000,000 of Mark VI and, at this juncture, an Order in Council was asked for to cover this 2,000,000 and the 3,000,000 already sold. For some reason that does not clearly appear, no Order in Council was passed. The three lots which were sold were shipped to the same address given above. Mr. F. Orr-Lewis testified that he is president of "Canadian Vickers, Limited," which is in no way connected with the London "Vickers, Limited." He adds that the purchaser was neither "Canadian Vickers, Limited," nor "Vickers, Limited," but Sir Trevor Dawson, acting for the Admiralty, and that Sir Trevor Dawson happened to be a director of "Vickers, Limited." The witness further stated that his only connection with the matter was that he acted as trustee of an account kept in the Bank of Montreal, New York, and established by the deposit of British money, through Sir Trevor Dawson to provide for transactions of this kind, and that the deposits were made both by the Admiralty and by a department of the British Government. He himself gave no cheque on the trust account, but authorized payments out of the account, and was subsequently advised of the payments having been made. He said, quite clearly (p. 95), that there was no correspondence bearing on the matter. In this his memory proved quite defective, as copies of a number of letters professing to bear his signature and relating to these very matters were, subsequently, produced by the Ottawa agent of the Bank of Montreal, who also produced a copy of the trust account. He also stated clearly (p. 97), that when these purchases were made a round sum (arrived at he knew not how) was deposited in each instance to the credit of the account, subject to adjustment when the transactions were completed. He denied that these deposits were figured on the basis of the payment by the Admiralty of \$25 per thousand for the ammunition. However, the letters bearing his signature and more especially those of 1st December, 1915, and 12th January, 1916, make it plain that the price to the Admiralty was \$25 a thousand rounds. This is also borne out by the cable despatch from the Colonial Secretary to His Royal Highness the Duke of Connaught, Governor General of Canada, of date 3rd June, 1916, which states that the price paid by the Admiralty was \$25 per thousand rounds, and that the Admiralty paid all charges for carriage and insurance.

Then we have the further fact that the various deposits placed by the Admiralty to the credit of the Lewis Trust account in payment of the ammunition was reckoned upon the basis of \$25 per thousand, plus \$1.47 per box—and that the difference between \$20 (the Militia Department's price) and \$25 (the price to the Admiralty) is apparently still to the credit of the trust account and aggregates about \$15,000.

Perhaps the explanation of this apparently contradictory evidence is that the sale of the ammunition was not to the Admiralty direct, as Mr. F. Orr-Lewis supposed, but to Sir Trevor Dawson acting as broker for the Admiralty, and as such, entitled to receive a commission. At all events the Admiralty are apparently satisfied not only with the ammunition but with the manner of its purchase.

In any view of the case there is no reason apparent why the Militia Department, or the honourable the Minister should be held accountable, or blameworthy, even if a commission was charged or was intended to be charged to the ultimate purchaser of this ammunition. At the time of the sales the supposition was that Vickers Limited

was the purchaser. It could be no concern of the Militia Department to whom they resold it, or at what price, and the same conclusion should obtain if the purchaser proved to be Sir Trevor Dawson.

Then we have the sale of 500,000 rounds to our Northwest Mounted Police. This sale took place on the 4th March, 1916, and was authorized by the honourable the Minister. The ammunition was .303 Mark VI of the year 1910. This was ammunition "under suspicion" and which had been directed by the Barlow Report to be ringed and tested. Owing to the outbreak of the war, it never was ringed. The letter of the Comptroller of the Royal Northwest Mounted Police applying for this Mark VI is found at page 23 of the departmental return. At page 24 is the memorandum of Colonel Helmer suggesting that the sale be made. On this appears the memorandum by the Minister "O.K. if good"—and the recommendation of the Master-General of Ordnance subject to the Minister's approval. Then Colonel Helmer suggested to the M. G. O. that as certain issues had been found defective, the advice of the Chief Inspector of Arms and Ammunition be obtained as to which issue would be most suitable for use. The letter of inquiry from the M. G. O. to the Chief Inspector appears at page 28. The reply is at page 29 and states that the 1910 make had been found to be dangerous since the Barlow Report, and should not be used,—and recommended that the 1913 manufacture be supplied, if any. But there was no sufficient supply of 1913 make available, and the M. G. O. gave instructions for the sale of the 1910 ammunition. He explains (p. 214) that his reason for so doing was that in five months' actual experience of Mark VI ammunition at Camp Hughes (including particularly 1910 make) when very many thousands of rounds were fired at musketry practice, no accidents were reported, although he heard of "blow backs" on several occasions. There was no instance of defective ammunition that would prove dangerous to the marksmen (p. 216.)

It is to be inferred that when the Master-General of Ordnance received the letter of the Chief Inspector of Arms and Ammunition (printed at page 218) he did not note that, in the writer's opinion, 1910 should not be used. Learning that no 1913 was available for the Mounted Police, and being strongly of opinion that they must not be left unsupplied, he decided upon the issue of which he had had such wide personal experience, the 1910.

The Director-General of Musketry, Col. Richard A. Helmer, tells us that, in 1914, he had personal experience at Valcartier of the quality of Mark VI ammunition to the extent of approximately 2,000,000 rounds. This covered a period from about 26th August until some time in October. During the year 1914, ammunition fired in practice at Valcartier was as follows:—

Mark VI, 1909.. . . .	1,516,700
“ 1910.. . . .	269,627
“ 1911.. . . .	2,265,473
“ 1912.. . . .	86,900

There was also a relatively small quantity of Mark VII ammunition, 1913 and 1914, used there, amounting to 450,340 rounds. Colonel Helmer is the officer to whom nearly all the reports concerning ammunition are sent (p. 231). He says there were no "blow backs" of sufficiently serious importance to report. There was not a single casualty, and nothing which could be called a medical case to report. He characterized the results of the targets as "extraordinarily good shooting" (p. 232). At the same page he refers to his memorandum found at page 78 of the evidence in which he said: "I do not think that under present conditions we should allow any Mark VI ammunition to pass out of the hands of the department except for defensive purposes under which the requirements of the Mounted Police might be considered. While he declines, from military considerations, to give his reason for that opinion, he states clearly that it had nothing at all to do with the quality of the ammunition.

Just recently, reports have been procured from the Comptroller of the R.N.W. M.P. showing the actual working of this 1910 issue sold to the police. These reports appear on pages 221 to 224, inclusive, and leave us in no doubt that it was defective for use with rifles from the viewpoint of good marksmanship, and not suitable for machine-gun rapid firing. But it does not appear that it was dangerous to the men. There were no accidents or injuries reported (page 225).

It has not been made to appear that there is any real difference in the quality of 1910, compared with the other issues since 1908, which have been mentioned in evidence, and particularly 1912 (see General Elliott's evidence at pages 216 and 227).

It is to be remembered that the evidence establishes that the Mark VII ammunition would be distinctly dangerous with any of the rifles used by the Mounted Police. Therefore when the application of the Comptroller of the Police was made last January, failing any available supply of Mark VI, 1913, recommended by Colonel Harston, the sale to them of the 1910 issue would seem to be a reasonable alternative.

JAS. A. HUTCHESON,

*Of Counsel for the Honourable,
the Commissioner.*

27th June, 1916.

Argument of Mr. Dewart, K.C., Counsel for the Liberal Party.

In the matter of the Royal Commission issued to Sir Charles Peers Davidson, Knight, Commissioner, by His Majesty's Privy Council for the Dominion of Canada, to inquire into and investigate the facts and circumstances of or in connection with the sale or disposal by the Government of the Dominion of Canada, since August 4, 1914, of small arms ammunition, referred to in returns made to the House of Commons on the 1st and 2nd May, 1916.

It is submitted that the inquiry naturally divides itself under several heads:—

(1) The circumstances and reasons for the issue and distribution of such small arms ammunition, particularly of Mark VI, as was issued or distributed either to the Canadian Forces or for Canadian purposes or, on the other hand, for distinctly non-Canadian purposes;

(2) The alleged issue or sale of Canadian ammunition to or for or on account of "Vickers Limited" for suggested "machine gun testing purposes";

(3) The question whether this Canadian ammunition was actually sold or resold to the British Admiralty, to the knowledge of those who were pretending to purchase for "Vickers Limited" or some "Vickers" interest, without commission;

(4) The question whether profits or commissions were made, or intended to be made, by Sir Trevor Dawson, Mr. F. Orr-Lewis, Honorary Colonel J. Wesley Allison, or any of them, or any others (out of this Admiralty purchase), and also whether the Minister of Militia of Canada is compromised by his knowledge of or inexcusable ignorance of the real character of the transactions.

Argument of counsel appointed by the Right Honourable Sir Wilfrid Laurier, G.C.M.G., on behalf of the Liberal party:

It appears that this whole matter had been referred to Your Lordship by Order in Council, under date of the 9th May, 1916, and that an *ex parte* hearing had taken place on May 13 before the motion made that afternoon by Mr. D. D. Mackenzie, M.P. for Cape Breton, so that we have had the benefit of the evidence brought out at the morning sitting before Your Lordship on May 13, 1916, and the later discussion in the House of Commons on the same day, to guide the court and counsel as to the real matters of inquiry.

It also appears, in the first place, that the Mark VI ammunition manufactured at the Quebec Arsenal had been the subject of consideration and criticism and of a

report in 1913, known as the "Barlow Report," which forms part of the return to the House. It is worthy of note that this report does not justify the wholesale condemnation of Mark VI ammunition that it later received at the hands of the Minister of Militia.

Two conflicting views with reference to the Mark VI ammunition are emphasized by the evidence:—

First, that of General Sir Sam Hughes (evidence, page 5), "this ammunition could not possibly be fired in Canada. I would not allow a soldier to fire it or to take it into action unless he had nothing else to fire," etc. This is emphasized by the minister's statement in the memorandum forming part of the return made to the House on the 1st May, 1916, when referring to the issue of this ammunition he said that "men have been maimed, blinded, and burned." The evidence of this, if it exists, has not been submitted to Your Lordship.

Col. C. Greville-Harston, Chief Inspector of Arms and Ammunition for the Dominion, located at the Arsenal in Quebec, deals in his evidence, at page 163, with the tests that were made of certain Mark VI ammunition, and at page 168, referring to what has been erroneously called "the ammunition issued to the Vickers Company," testified under oath, "that is worth about \$3.50 a thousand to break up. That is all it is worth. It is dangerous to use" . . . "If it (the 1912 ammunition) was not ringed and re-proved, I would only value it at the breaking-up price, which is \$3.50 a thousand, breaking it up and extracting the bullets and saving the parts. It is not fit to issue." And at page 169, in reply to a question as to the 1906 and 1907 ammunition, Colonel Harston says: "The man who sold it ought to go to jail, I think."

Further in reply to Sir Charles Davidson's question "Can you account for the fact that Vickers wanted 2,000,000 more rounds of this ammunition?" Colonel Harston: "No, sir, I cannot unless they were trying to blow up their guns to see what they would stand."

Further, at page 170 of the evidence:—

"Mr. JACOBS: Assuming it was 1906 and 1907 ammunition, your evidence is that you consider that ammunition worthless.

"Colonel HARSTON: I consider it was bad. What they wanted to buy a lot of rotten old stuff like that for, I cannot imagine; I would not allow men to shoot it.

"Mr. JACOBS: Assuming that the department got \$20 a thousand for it, what have you to say to that?

"Colonel HARSTON: I should say they ought to return \$17.50 per thousand if they do the square thing."

The second view is that the ammunition in question was serviceable and valuable and that only the exigencies of this inquiry made it necessary to treat it as absolutely defective ammunition, only to be used for testing purposes. A careful perusal of the Barlow Report will show that this ammunition was to be tested, ringed, and otherwise dealt with. It appeared that the inspector at Quebec had nothing to do with the ammunition after they had "inspected it" and "proved it" and "packed it" (page 169). While it appeared that the ammunition was properly boxed and marked so that its character could be fairly ascertained without unpacking, not one particle of evidence has been submitted by any shipper to show that the Mark VI ammunition which went to England, was really defective.

The particular years of ammunition manufactured which have been spoken of as being "condemned" or "under suspicion" were prior to 1912, though even 1912 and 1913 ammunition was to be "re-ringed" before use, according to the view that existed in 1913 before the actual declaration of war in August, 1914.

But after the latter date the views of the Militia authorities changed, and no ammunition of any date was to be destroyed. Canada needed every round of ammuni-

tion she had, and the so called "defective" ammunition was required and used here, and should have been retained here.

The summary of certain documents discovered in the course of this investigation to be on the files, but not produced to Parliament, showed that as late as November, 1914, over the signature of the Quartermaster General, D. A. Macdonald, 2,970,000 rounds of this very ammunition of a date prior to February, 1908, was issued for Canadian use "to the various Ordnance depots only for use in case of emergency."

That there was good reason for this different view as to the real efficiency of the ammunition is made apparent by the evidence of General Elliott, Master-General of the Ordnance. It is quite evident that no complete examination under the Barlow Report was made, but General Elliott (at page 214 of the evidence) referring to the use of many thousands of rounds of 1910 Mark VI ammunition, as tested in the light of actual practice with ten thousand men in camp, says: "On no occasion was it reported to me that there were any accidents—on several occasions I heard of blow-backs, but it in no way hindered the training." It was upon the strength of General Elliott's acquaintance with the ammunition and its usual quality that he recommended in January of 1916 (evidence, page 217) "subject to Minister's approval" that 500,000 rounds of Mark VI ammunition be sold to R.N.W.M.P. at the usual price." It is followed by the Minister's blue pencil memo. "O.K. if good, S.H."

The evidence does not show that any subsequent tests or reports as to this ammunition showed it to be unfit to issue. It was the ammunition that General Elliott swore he would himself use (page 220). The report obtained from the board of the N.W.M.P. is to the effect (page 224) that "while the use of the ammunition in question is possible in the rifle, the results cannot be relied upon. In the Maxim gun the faults become much more obvious and serious, and its use in this gun would be inadvisable."

Whatever the defects in the ammunition may have been, it was clear from the evidence (page 242) that the blue pencil memorandum under date of the 29th July, 1914, in the Minister's handwriting, "Destroy" had been stopped by the memorandum of General Gwatkin as Chief of the General Staff on the 16th October, 1914, to the following effect: "The situation has changed since the word "destroy" was written, and the order, unless repeated, should not be carried out." General Hughes now claims credit for what General Gwatkin is entitled to. The Minister must at least assume responsibility for the sales to which General Gwatkin was not and could not have been a party.

Having regard to this preliminary consideration of the facts proven with reference to Mark VI ammunition, it is important to take the relevant sales from the parliamentary return made on May 2, 1916. These sales that are of particular importance in this inquiry, with the dates of issue, which are taken from the commissioner's convenient summary at page 51 of the evidence, may be summarized as follows, with the added observation that the name of the "Vickers Company" was then used, without the light of the subsequent evidence.

Montreal,	September 16, 1915.—Vickers, Limited, London, Mark VI—236,000 rounds at \$20 per thousand, issue 1912, 1913.
"	October 29, 1915.—Vickers, Limited, London, Mark VI—750,310 rounds at \$20 per thousand, issue 1912-13.
Quebec,	November 26, 1915.—Vickers, Limited, London, Mark VI—1,988,000 rounds at \$20 per thousand, issue 1907-8.
Calgary,	March 4, 1916.—Northwest Mounted Police Mark VI—500,000 rounds at \$20 per thousand, issue 1910.

The last word upon the character of these three supposed Vickers shipments is contained in the cablegram from the Rt. Hon. Bonar Law, filed before Your Lordship on the 21st instant and supplementing his earlier message of June 3: "The ammunition forming the subject of an official inquiry under Sir Charles Davidson has been duly received by the Admiralty and has been found entirely satisfactory." This last

statement is conclusive as to the character of the ammunition sold, and entirely supports the question raised by the Auditor General, Mr. John Fraser, as to the sale of the ammunition at an under-valuation. Even Colonel Harston admitted (page 172) that the 236,000 rounds sold in September, 1915, of 1912 ammunition which was ringed and inspected "was worth about \$25 per thousand rounds." This must also apply to the like ammunition, 750,000 rounds, sold in October, 1915.

The subsequent application made through Colonel Allison for an addition of 2,000,000 Mark VI ammunition issue of 1906-7 in December, 1915, was held up, despite the Minister's consent, because the Order in Council for which the Minister applied on the 5th January, 1916, was never granted.

The evidence therefore shows that approximately 1,000,000 rounds of 1912-13 Mark VI ammunition was sold outside of Canada under the authority of the Militia Department in September and October of 1915, that approximately 2,000,000 rounds of 1907 and 1908 Mark VI ammunition were sold outside of Canada as condemned ammunition in November of 1915, and that there were no Orders in Council, or other sufficient authority, for the sale of this ammunition. The only other sales or issues of Mark VI ammunition made during the period in question were made to Canadian rifle clubs, to military organizations or to the Savage Arms Company, of Utica, N.Y., for Canadian purposes (150,000 rounds). There were issued to the R.N.W.M.P. for actual use (500,000 rounds of 1910). There were issued to our own military forces in Canada in November, 1914, 2,970,000 rounds of 1906 and 1907 Mark VI ammunition for use in Canada.

The inference is obvious that the issue of any Mark VI ammunition or its sale outside of Canada, such as is alleged sales to "Vickers Limited" were plainly unauthorized unless specific Orders in Council were obtained for the same.

This is apparent from the fact that all sales or issues for Canadian Maxim guns and rifles or to cadet corps and rifle associations, or for other Canadian purposes are made by virtue of the general Order in Council which governs the regulations for the equipment of the Canadian Militia. Evidence, page 67 (*et seq.*).

This is confirmed by the application of the Minister of Militia under date of the 5th January, 1916, asking his Royal Highness the Governor General in Council to approve of what is termed "an application from Vickers, Limited, for the purchase of 4,985,900 rounds of S. A. ammunition, Mark VI." The Minister of Militia must have felt and known that the prior issues of approximately 3,000,000 rounds to the parties, whom the evidence has later disclosed as the purchasers, was not a regular issue, and was irregular without an Order in Council or he would not have endeavoured by his belated application of January 5, 1916, to secure the approval of the Governor in Council for the 3,000,000 rounds (approximately) which had then been irregularly issued, and for the 2,000,000 rounds which his friend Allison then desired and has never obtained because no Order in Council has issued.

A perusal at page 48 of the evidence where the papers show that Colonel Macdonald asks for instructions regarding Colonel Allison's application for 2,000,000 rounds of this Mark VI ammunition called for the following observation in the handwriting of the Minister of Militia: "Ascertain where and by whom this is to be issued. If sold by O. C. (Sgd.) S. H." It is significant that there is an original memorandum in the Minister's handwriting "O. C. S. H." which is crossed out. As the return was made to the House there was a small "I" for the word "if" and the two sentences were slurred together. It is quite apparent that this corroborates the view that the Minister intended that this ammunition should be sold by Order in Council, despite the different interpretation that his fallacious memory put upon the sentence when under cross-examination. The memorandum of the Deputy Minister of Militia which follows, shows clearly what the intention was. His memorandum is: "Q.M.G. Please note Minister's instructions. If this ammunition is to be sold it must be done by Order in Council, and the Minister's inquiry should be fully answered. (Sgd. EUGENE Fiset, D.M.)"

At this point it is important to observe that the Auditor General for the Dominion of Canada has placed the people of Canada under a distinct obligation by his keenness in observing the irregularity of the methods that were being employed for this sale of this small arms ammunition, by his determination and courage in investigating this matter, despite the slurring remarks of the Minister, which he has done well to ignore. The number of apposite instances that he has cited show the regular procedure in obtaining Orders in Council, that must be adopted by the Militia Department. No reference to the general powers of the Quartermaster General or to the general authority in regard to obsolete equipment covers this particular matter. The Minister and the Militia Department are bound by the regulations that exist, and the Minister has, by his own application for an Order in Council, estopped himself from saying that such an order is not necessary.

II.

The next question that arises is as to the representations that were made that the issue or sale of the approximately 3,000,000 rounds of ammunition in question was made to or for or on account of "Vickers Limited." The evidence clearly reveals the fact that there was no such sale or issue of ammunition to or for or on account of "Vickers Limited" and that the statements of the Rt. Hon. Sir Robert Borden in his speech in the House on May 13, 1916, and of the Minister of Militia made the same day, and the evidence given by the Minister of Militia upon the morning in question before Your Lordship, were each and all inaccurate and misleading.

The Militia Returns made to the House of Commons show the several issues erroneously tabulated to "Vickers Limited," when in fact "Vickers Limited" never purchased one round of such ammunition.

But for this investigation the real truth and the part that Allison, Lewis, and Sir A. T. Dawson played in getting control of this improperly sold ammunition would never have been disclosed.

There are these three Allison-Lewis-Dawson deals in small arms ammunition with which "Vickers Limited" had nothing to do.

This phase of the matter becomes important because of the statements already referred to, which would have passed as current coin had it not been for this investigation. Quoting from Sir Robert Borden's speech (Hansard, page 4039) in reply to Mr. McKenzie of Cape Breton, he said: "The hon. gentleman is not well advised in making that statement, because the documents upon their face show that the ammunition was sold to "Vickers Limited" and the shipping documents which have been brought down and laid upon the table show that the ammunition was shipped in care of "Vickers Limited," London, England; therefore so far as the person to whom it was sold and the place to which it was shipped are concerned, there is no warrant for the statement which my honourable friend has made."

Sir Robert's Minister of Militia, at page 4051 (Hansard) of the same day, is reported as saying: "This ammunition was first ordered, I say, by the members of the 'Vickers firm.' Finally it was ordered by Col. J. Wesley Allison, who has the honour of being the Vickers' representative."

Indeed, the minister's evidence taken before Your Lordship the same day, at pages 3 and 5, indicates that the "Vickers firm" was the responsible party dealing with the Canadian Militia Department.

But the return made to the House of Commons—the documents that came from the Minister of Militia's own officers—the documents that were under his control and from which he could have learned the facts, show that the sale was not made to the firm of "Vickers Limited" but that it was made through or to Colonel Allison and that the shipment was made to an officer in the employ of Vickers, named Searles, the shipment being made to him at "Vickers House," the name of the building in which "Vickers" did their business, and that the accounts were settled by and through

and at the direction of Colonel Allison in New York. The very shipping bills and documents that are produced substantiate my statements, and this variance in the statements as to the real purchaser and destination of the ammunition in question becomes of great importance in view of the later evidence of Mr. F. Orr-Lewis and the important account and documents produced from the custody or control of the Bank of Montreal in New York.

Even in the memorandum of January 5, 1916, signed personally by the Minister of Militia, and asking for the approval of His Royal Highness the Governor General in Council of the purchase of 4,985,900 rounds of this Mark VI ammunition, the minister refers to "an application from 'Vickers Limited.'" The minister was not able to produce a copy of the application to which he refers as accompanying his request for an Order in Council.

Equally significant is the fact that there is no evidence to support the suggestion made by the Minister of Militia in his evidence that the ammunition was disposed of for machine-gun practice; or as he put the proposal in the House (Hansard, page 4053), "to sell to Vickers, through their New York agent, Allison, for machine-gun testing." So in his application to the Governor General for an Order in Council it is "reported to be suitable for the testing of 'Vickers' machine guns." The evidence of Colonel Harston (page 173) and of General Elliott (page 227) justifies the conclusion that the ammunition would be more dangerous if used for machine-gun practice than with a rifle.

III.

The researches of the Auditor General in New York, and the evidence of Mr. F. Orr Lewis given before Your Lordship, have made it abundantly clear that the real purchaser and the final destination of the ammunition was the British Admiralty.

Mr. Lewis, in his evidence at page 93, referring to the director of the English "Vickers Company," who turned out to be Sir Trevor Dawson, made this quite clear (page 93). "He was not acting for Vickers, no. He was acting for the British Admiralty. They (i.e. Vickers Limited) had nothing to do with it at all."

The correspondence produced from the New York agency of the Bank of Montreal (page 186, *et seq.*) explains the whole transaction clearly. Sir Trevor Dawson was in England where the Admiralty's money was deposited and transferred to New York, and there can be no question that the deposit of \$24,658 in England on the 24th January, 1916 (page 194) "per A. T. Dawson" was made by Sir Trevor Dawson.

The New York correspondence absolutely proves that there were two prices, first what Mr. Lewis naively calls "our price," that is the "Dawson-Lewis-Allison price" of \$20 per thousand, and second the price bargained for with the Admiralty and which they paid to Mr. Lewis' No. 2 trust account of \$25 per thousand. A cablegram was sent by His Royal Highness the Governor General, and the reply of the Rt. Hon. Bonar Law of the 3rd June (page 206), make it absolutely clear that the price to the Admiralty was \$25 per thousand f.o.b. Canada, and that the Admiralty paid all charges for insurance and carriage. The subsequent cable to the effect that the purchase and payment were carried out in accordance with instructions issued to the Admiralty's representative does not alter the damaging facts disclosed by the Orr-Lewis correspondence.

I contend that the three men, Dawson, Lewis, and Allison were parties to a transaction that was intended to put \$25,000 in a "Trust Account" which they intended to divide, and which has left for the approximate 3,000,000 rounds of ammunition, that they got, \$15,000 to their credit in the Orr-Lewis account at New York, which this investigation will probably make it impossible for them to divide as they had intended.

Trace the transaction as detailed in the evidence—the Minister of Militia (page 3) was asked whether it was correct "that Mr. Allison made the arrangement with General Macdonald." His answer is "No, the primary arrangement was made long

before that with a member of the Vickers firm who was out on a special mission and who spoke to me." The name of this gentleman which the Minister of Militia carefully endeavoured to conceal, although urged by repeated questions, was sufficiently disclosed by Mr. Allison in his first letter of September 8, 1915, as being "Sir Trevor Dawson."

The reason for the Minister's hesitation appears from the fact that it was this same distinguished gentleman to whom the Minister now attributes his information that the "Vickers Firm" had added about £1 sterling for freight, insurance, and exchange, which they afterwards removed when they found that the Admiralty was paying these costs. This statement, wherever it originated, was false to the knowledge of Dawson, Lewis, and Allison.

Sir A. Trevor Dawson, after his "half-minute conversation" with the Minister must have informed Allison, for Allison saw General Macdonald, and his letter of the 8th September shows the arrangement that had previously been arrived at. Allison then and on the 6th October, and throughout the subsequent negotiations, appears as the active agent, purchaser and potential paymaster at \$20 per thousand to the Receiver General. But it is undoubtedly the same "A. T. Dawson" who afterwards remits to Lewis's account No. 2 at New York, the money to pay for the first two orders on behalf of the Admiralty at \$25 per thousand. It is the same man to whom the unsuspecting Minister attributes the false and deceptive explanation as to a supposed £1 sterling per thousand of supercharges which "they" removed. The whole suggestion of a £1 assessment for one thousand rounds for expenses returned to the Admiralty, is a fiction, and the correspondence of Mr. Orr-Lewis shows the falsity of any such suggestion.

IV.

But the relationship of the Dawson-Lewis-Allison combination to this transaction is one as to which fortunately there are written records by which to test the accuracy of the memory or the fairness of the statements of the witnesses, Lewis and Allison, having regard to the proven connection of Sir Trevor Dawson with the initiation of the whole deal.

It is a matter of gratification that one of the greatest financial institutions in the world, the Bank of Montreal, which stands true and strong by the best of banking and financial traditions, is the institution upon whose productions we have to rely for very important evidence, most properly produced, under all possible legal safeguards, in the present case. The Auditor General, in the legitimate exercise of his functions, had ascertained certain facts, before Mr. F. Orr-Lewis, now better known as "Trustee Account No. 2," had been put in the box.

Summarizing briefly Mr. F. Orr-Lewis's original evidence (page 105, *et seq.*) this gentleman has sworn:—

(1) That he was aware that the shipment of ammunition in question was not to "Vickers Limited" but to "Vickers House."

(2) That he was not responsible for the suggestion that it was sold to "Vickers Limited."

(3) That Mr. Searles whose name was used in connection with the matter was only an officer and not a director of "Vickers Limited."

(4) "That there has not been one solitary penny paid out or agreed to be paid out to any one in connection with this business that we are discussing."

(5) That Colonel Allison's name in connection with the business being spoken of was not in the accounts at all and had not been mentioned in correspondence at all that he, Mr. Lewis, knew of.

(6) That there was no letter with his signature in existence suggesting that Colonel Allison was entitled to any commission in connection with this transaction; or as to any other transaction that was connected with it.

Later in his cross-examination Mr. Lewis had to admit the authenticity of the three letters of which the Auditor General produced undoubted copies—letters, the existence of which he had absolutely no knowledge of before, to put the fact in the most favourable possible light to Mr. Lewis. But being recalled, Mr. Lewis insisted that the reference to a commission related to commissions on other business foreign to Canada.

In reply to Your Lordship he said that the Admiralty “sent that money through Sir Trevor Dawson to New York and there it remains in the bank,” and that “when the final adjustment comes to be made, there will have to come from some source, the Admiralty or elsewhere, a sum which is needed to supplement what has been already deposited in that account, to balance it up.”

Mr. Lewis (page 129) allowed Sir Trevor Dawson the use of his name “in any way he desired to use it for the purchase of things required for the war.”

The amount remitted in each case was “a round sum (page 132).”

But Mr. Lewis declined even to supply for Your Lordship’s judicial discretion as to production, a statement or copy of his New York account.

Let me turn for a minute to a brief consideration of Colonel Allison’s evidence:—

The evidence of Colonel Allison calls for distinct consideration, the man of whom the Minister of Militia (Hansard, page 1407) said on March 2, 1916, that having found him to be “an absolutely disinterested and straightforward business man, that is why I chose Colonel Allison to act as my adviser, counsellor, and guide in connection with the various matters that would come before us in connection with this war.”

It may be remarked, in passing, that it is difficult to conceive of the reason why General Hughes did not leave the real minister to handle the business of the Department in Canada, and give his own services, where Lord Kitchener (in Sir Sam’s judgment) needed them, either upon the General Staff in England, or at the front.

The Canadian people were told by this same Minister on the same day (Hansard, page 1409) “that, at the close of the war we should endeavour to recompense Colonel Allison in some other way, because he has consistently refused to take any commission, although he has had to pay out money in express and freight charges, and I hope he has kept the bills.”

Further (Hansard, page 1410) that by reason of Colonel Allison’s failure to take a “commission” or “rake-off” on Canadian business (both phrases are the Minister’s) “the total saving, under what you may call the Hughes Allison system, is over \$1,600,000. This saving was effected in the purchases we made in the United States alone.”

One cannot but recall the school-boy’s composition on pins. “Pins,” he said, have saved the lives of thousands of people.” “How?” said the pedagogue. “Why,” said the boy, “by not swallowing them.” Allison has not been swallowed yet.

But, referring more particularly to Colonel Allison’s evidence on May 13, before you, Sir, as commissioner, we find:—

(1) That Allison was in touch with a “representative of the British War Office” (now known to be Sir Trevor Dawson) before he saw Quartermaster General Macdonald, to whom he telephoned from New York (p. 23).

(2) That he, Allison, had had a conference with General Hughes, before communicating with General Macdonald.

(3) Speaking of the ammunition, that Allison said: “One of our experts went down to see it, and he found that there was only a small percentage of it that would be acceptable.” “I mean that that my own man went down to see it,”

Further examined as to the payment for the ammunition Colonel Allison said to Captain Thomson (page 26):—

"Q. Was it paid in by you Mr. Allison?—A. No.

"Q. Did you handle any money in connection with it?—A. Not a cent.

"Q. Did you receive any commission in connection with the sale?—A. Not a cent.

"Q. What was your profit in connection with the transaction?—A. Not a cent.

"Nothing whatever?—A. Nothing whatever.

"Q. Were you the agent of the Vickers?—A. I cannot say that; I was called upon to do a great deal of special work for the Vickers and the representative of the War Office.

"Was this part of the special work?—A. Yes, sir.

"Q. Do you say that you received no commission whatsoever?—A. On this transaction?

"Q. On this transaction?—A. Not a cent.

"Q. Or promise of any?—A. Not a cent.

"Q. Do you expect to receive any?—A. Not a cent.

"Q. Has any commission been paid by the Vickers Company, or their representatives to anybody for you?—A. Not a cent.

"Q. Or in trust for you?—A. Not a cent.

"Q. Neither directly or indirectly?—A. Neither directly or indirectly.

"Sir TREVOR DAWSON: Do you expect any benefit from it?

"The WITNESS: None whatever.

Before analysing Colonel Allison's later cross-examination, may I refer here, lest I forget it later, to the important fact that Colonel Allison knew the price that he and his associates were paying for the ammunition in Canada.

Look at General Macdonald's telegram to Colonel Allison at the Manhattan Hotel, New York, under date of October 14, 1915:—

"Ammunition twenty dollars per thousand. Boxes extra, average one dollar forty-seven cents each." (Page 279.)

When Colonel Allison was cross-examined at the special evening session on May 25, he exhibited a fatal and inexcusable lack of memory. One important fact that he did admit was that in his negotiations here he was an agent of Sir Trevor Dawson, whom he designated as "a representative of the British Government." (Page 137.) In this particular inquiry, he said that he represented Sir Trevor Dawson, and that Sir Trevor Dawson was a representative of the British Government in New York (page 137) by whom he was asked to look after this matter. Colonel Allison further stated that his authority for ordering the second 750,310 rounds was obtained from the same source. As to the quality of the cartridges he was purchasing, or whether they were good, bad, or indifferent, he "made no inquiry about it whatever."

As to crucial facts, such as knowledge of the price fixed with the British Admiralty, he professed ignorance, or had no recollection whatever. It was impossible to develop any quality of memory as to matters that he must have known of, as to transactions which subsequent productions show him to have understood—in the then absence of documents since obtained. The \$4,000 paid to him from the "Orr-Lewis Trust Account No. 2," was, of course, not from Canadian business, but was "paid in cash," American bills, and note carefully, "was the full amount of his commission on American business" from this account. (Page 155.) The subsequent productions make this statement vitally important.

Before analysing the "Trust Account No. 2" let us see how intimate Allison's acquaintance with this account was. Look at the correspondence.

The bank letter of November 30, 1915, (page 186) to Lewis shows payments made "in accordance with request of J. W. Allison." "Bills of lading endorsed by Allison" "Under the plan evolved by Allison, and at present operative, payments for the cartridges are, as you know, made under his instructions," etc.

Lewis' letter of December 1, 1915, (page 187) refers to "our purchase price" for the bayonets, and as to payment for the second million rounds of ammunition, "Colonel Allison will fully instruct you in this connection."

Lewis' letter of December 23, 1915, (page 189) regarding another payment to be made says: "Colonel Allison will give you full particulars about this." So in the bank's reply of December 29, 1915,; "This action is in accord with instructions from Allison, etc.

With Sir Trevor Dawson in England seeing that the funds were remitted, "Orr Lewis keeping track of the differential prices and profits, and Allison the responsible and active member of the firm making the payments and handling the whole account in New York, it is too great a strain on human credulity to suggest that Allison did not know all about every transaction in Account No. 2—American or Canadian—and the profit, commission or rake-off—great or small.

While we cannot show how the profit was to be divided, a careful analysis shows \$14,586.97 of undivided and ear-marked profit in the same bank at New York, on the three million rounds of ammunition, in which there is no suggestion that any one had any interest except Dawson-Lewis-Allison, and which the correspondence shows there was not the slightest intention of returning to the Admiralty, or to any one else.

Fortunately the correspondence between the agent of the Bank of Montreal at New York and Mr. Orr Lewis, and the production of a copy of the Trust Account No. 2, when analysed, explain the whole matter.

Dawson-Lewis-Allison proposed to purchase, and did purchase from the Militia Department nearly 3,000,000 rounds of Mark VI ammunition at \$20 per thousand.

They used the Admiralty's money to pay for it, and they were supplied with the money to pay the freight and charges and their profit of \$5 per M. They did not pay for the ammunition until they had it in hand.

The money was always in New York for these three coadjutors to pay for it, before they actually paid, except for a matter of boxes in connection with one shipment.

Only in one instance did the triumvirate pay in advance of the payment by the Admiralty, and then they had the money for other shipments that had not gone through, but the account produced for the Bank of Montreal shows that the Admiralty always paid. Mr. Orr Lewis may talk about open accounts and lump payments, but a careful analysis of the account will show the exact position of every item in this transaction.

The Rt. Hon. Bonar Law's second cablegram may be used as supporting the limping explanation of Mr. Lewis. All that the cable says is: "The special account opened with the Bank of Montreal at New York is not yet closed, there being a balance on deposit which will be accounted for to the Admiralty."

Of course it is not closed, but instead of the money coming from the Admiralty to close it, the money must come back to the credit of the Admiralty.

There is one item of \$49,951 of Admiralty money lying in the bank to the credit of this account intact remitted to pay for the last 2,000,000 rounds at \$20 per thousand (which were not issued) and approximately enough to cover the profit or difference of price of \$5 a thousand.

A careful analysis of the account taken in conjunction with the Orr Lewis letters will show that almost the whole of the money to the credit of this Trust Account No. 2 is ear-marked as relating to this transaction.

Let me reproduce the analysis that I gave your lordship upon the last day of the hearing of the evidence:—

The analysis I have made and carefully corrected is as follows:—

CALCULATION showing the moneys received from the Admiralty and passed to the credit of F. Orr Lewis' Account No. 2 in the Bank of Montreal, New York, and the disposition made of these moneys as shown by the bank accounts and correspondence between the bank and F. Orr Lewis, and also from vouchers produced by the Militia Department.

The F. Orr Lewis letter of January 12, 1916, is the key-note to the whole account and transactions, and it will be convenient to deal with them under the item headings of A, B, C and D, as he has so carefully done, and apply the relevant facts and documents to these items.

Item A.—Calculation as to the first two shipments ordered by Allison. (These were the last paid for by the Admiralty through A. T. Dawson to credit Lewis Trust Account No. 2).

September 8, 1915..	236,000 rounds.
October 6, 1915..	750,310 "
	<hr/>
	986,310 "

(The 10 odd rounds were omitted in all calculations.)

These are the shipments referred to in the Militia cash debit vouchers. (Return pp. 22 and 23.)

Page 22, cost of 236,000 cartridges at \$20			
per M..	\$4,720 00		
Boxes..		\$285 12	
Charges..		19 50	
		<hr/>	\$5,024 62
Page 23, cost of 750,300 cartridges at \$20			
per M..	15,006 00		
Boxes..		748 50	
Charges..		148 32	15,902 82
	<hr/>		
	\$19,726 00	\$1,201 44	\$20,927 44

But the letter to Allison from Col. Macdonald of November 23, 1915, asked for only \$20,926.94 (50 cents difference).

Next I consider Lewis' letters and the bank productions:—

Letter January 12, 1916, from Lewis (Item A) shows that the Admiralty had not then paid their price at \$25 per M.

Letter January 24 Bank of Montreal advises Lewis of A. T. Dawson's remittance by Merchants Bank, etc., of..	\$24,658 00
Deduct amount paid Receiver General..	20,927 44
	<hr/>
Balance to Lewis' credit on this item..	3,730 56

Letter January 28 from Lewis shows boxes not paid for by English remittance of \$24,658. Therefore add the amount for boxes and charges as per cash debit vouchers above..	1,201 44
	<hr/>

Total..	\$4,932 00
\$5 per thousand profit on 986,300 rounds is..	4,931 50
	<hr/>

Even this error is referred to in the letter of January 12 (p. 191), so careful was the Lewis calculation.

N.B.—The further credit item in the New York account on March 9 per Merchants Bank account would appear to be referable to the unpaid amount for boxes and charges of \$1,201.44.

Remittance.. . . .	\$1,130 42
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There were no March letters produced to show adjustments of exchange, etc., to cover the \$71 shortage. But no doubt they exist.

Item B.—Is fully explained by Lewis' letter of January 12, 1916.

Actual amount transferred by Admiralty.. . . .	\$29,448 00
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\$20,000 to the Militia Department and \$5,000 rake-off, being the profit of \$5 per M on the face of the letter. Boxing charges, etc., is put as for one million rounds (\$25,000 + \$1,176 charges).. . .	26,176 00
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Item C.—Similarly by same letter of January 12 as to another put as for one million rounds (\$25,000 + \$1,176 charges).. . .	26,176 00
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But items B and C must be considered together, for which items the total to credit of the account was.. . . .	52,352 00
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On January 18, 1916, there was transferred to Receiver General for 1,999,000 rounds.. . . .	42,867 82
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Leaving to Lewis' credit (items B and C).. . . .	9,485 12
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Add commissions and telegrams.. . . .	169 85
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Making.. . . .	9,654 97
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But note his letter of January 12. "PS." No. of boxes exceed items mentioned. So this approximates the anticipated profit on the 2,000,000 rounds of \$10,000.

Item D.—Remittance to Lewis to cover last 2,000,000 rounds order.

No delivery made.. . . .	\$49,951 00
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Represents the last 2,000,000 rounds at \$20 per M and the \$5 profit.

N.B.—The balance shown to the credit of the F. O. Lewis Trust Account No. 2 in the Bank of Montreal, N.Y., is (including other matters).. . . .	68,338 12
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We have earmarked:

Profit item A.. . . .	\$ 4,932 00
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Profit items B and C.. . . .	9,654 97
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Item D Admiralty money intact.. . . .	49,951 00
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Total.. . . .	64,537 97
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Leaving not directly traced to the Ammunition Account of .. .	3,800 15
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But the correspondence shows (pp. 191 and 192) a profit on 500 bayonets, etc., of \$3,250 - \$3,000).... \$ 250 00

And (pp. 186 and 189) a profit on 500 Ross rifles, \$16,250 - \$14,250, of.. . . .	2,000 00
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	\$2,250 00
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Leaving not earmarked as Canadian business a balance of only..	\$1,550 15
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The rifle and bayonet supercharges indicate that nothing was too small for the Dawson-Lewis-Allison toll-gate.

It is passing strange that there should appear, by an entire accident, as a result of this inquiry, the fact that \$4 profit per rifle was charged and obtained on each Ross rifle, and fifty cents on each bayonet referred to. Why did the Admiralty need to pay an added price for Ross rifles and bayonets purchased through the Dawson-Lewis-Allison Commission Agency? Why use this channel at all? Though no part of this inquiry, it helps to explain the whole character of the Canadian transactions regarding ammunition. Colonel Allison was the recognized medium through which this Canadian business had to go. The responsibility for this rests with the forceful Minister of Militia, who created Allison and put him forward as his chosen Canadian medium for war business. The inference is strong that this tardily and grudgingly granted reference to your Lordship as to Small Arms Ammunition has scarcely touched the fringe of the commission business.

Would Mr. Orr Lewis have had the hardihood to say that the balance was against the Admiralty, if we had been able to confront him with this statement, compiled from his own account and correspondence?

Is Mr. Allison to be paid out of the unearmarked \$1,550 for American business? He has sworn that he has received \$4,000. The account shows it. (At first he had forgotten the amount, page 149). The statement of account was a matter of such indifference to him as to be "perfectly immaterial." But he says (page 155) Lewis personally paid him (in cash) "the full amount of his commission upon American business."

Now the dates of payment and the Bank of Montreal statement become important. The \$4,000 payment from the "Orr Lewis Trustee Account No. 2," which closed Allison's American commissions was paid December 21, 1915, in cash. On December 23, 1915 Lewis writes to the manager of the bank in New York (page 189): "As soon as the payments to cover all the transactions now in hand are completed, I will be glad to have a statement of the No. 2 account, to enable me to send Colonel Allison a cheque to cover his commissions." (Sgd. F. ORR LEWIS.) The account was practically closed out (except as to Canadian business) when Lewis writes the damning letter of January 12, referring by chapter and verse and item to Canadian business only.

Item "A" is only open for an Admiralty remittance, to enable the \$5,000 rake-off, on one million rounds to be divided.

Item "B" is closed, with the \$5,000 rake-off on the second million safe in Orr Lewis's No. 2 account, subject to \$9.75 due the Admiralty.

Item "C" is closed. The profit or rake-off of \$5,000 is at Trustee Lewis' credit in the bank.

Item "D" the money is in the bank and still is there to pay for the undelivered two million rounds and the approximately expected rake-off of another \$10,000.

Then Mr. Lewis says: "This leaves unsettled, as far as I am concerned," only the items mentioned relating to Canadian ammunition which under A. B. C. and D have been pointed out already.

Then the letter concludes (page 192): "When the accounts for the boxes arrive, and the amount is transferred by the purchasers, I will then be in a position to instruct you as to the payment to Colonel Allison and the balance remaining to the credit of my account."

What is the reply from New York?

On January 18, 1916, practically one month after Allison, on his own sworn statement, had been paid the full amount of his commissions on American business, the agent of the Bank of Montreal, Mr. Hebden, writes to Mr. Lewis (page 193): "We understand that all payments requested by you to date have been made and all contracts of which we know completed. We will, therefore, be pleased to give effect to your instructions for us to pay a specific amount out of funds at your credit to Colonel Allison in settlement of commissions as mentioned by you."

My Lord, I take it that you must find upon this cogent testimony these registered records which antedate any hearing before you—that despite Lewis's vacillating answers and Allison's more wily denials, that there was a profit and commission on these Small Arms sales in which Allison was to share—in which Lewis was to share, and to which Sir Trevor Dawson was a party. We may not be concerned here with Sir Trevor Dawson's share of the spoils, despite his assurance to the Minister that there was no commission. But all three, Dawson, Allison, Lewis have denied that there was any commission to be paid. We have the Minister's word that Sir Trevor Dawson told him so. But the denial of Allison and Lewis under oath cannot be taken, I submit, in face of the carefully prepared letters and of the accounts themselves.

The matter becomes one of vital interest to the people, because the same denials have been made by Allison in other cases, where the truth could not be brought home to him, as it has been in this inquiry.

But since this matter has, I submit, been so closely brought home to Allison, not to speak for the moment of his coadjutors, there is another phase to consider. Why should Canadian transactions with the Imperial authorities be handled in the United States? Why should the accounts be kept in the United States? Is it because it is usually more difficult to discover the facts there? Is it because the scope of an inquiry in Canada is thereby rendered more limited? These questions may apply with greater force to other matters not referred to your Lordship or to any other tribunal but they are surely applicable here.

V.

The last matter that I desire to touch upon is the knowledge or deliberate ignorance, on the part of the Minister of Militia of the facts disclosed which, I contend, entirely discredit his chosen "adviser, counsellor and guide" in various matters, and equally prove that the minister is not a safe, sane or responsible person to administer the business of the Dominion as one of His Majesty's ministers of the Crown.

The mis-statements made by the Minister of Militia with reference to this matter in his only proven application of January 5, 1916, for an Order in Council, in his speech in the House of Commons on March 2, in his statement contained in the parliamentary return of May 1, and in his evidence given on May 13, were sufficiently surprising when, from the parliamentary return, its perusal would have shown the errors that he had made. I submit that his failure to correctly present the facts upon each of these occasions was inexcusable as a minister of the Crown.

But in the meantime and before his cross-examination on June 20 instant, he had ample opportunity to acquaint himself with the facts that he should have, and could have, known before. Evidence had been given which, to say the very least of it, rendered an explanation from his friend Allison necessary. This was an inquiry that concerned the Minister of Militia. The people of Canada were interested in it. Probably other members of the Government, of which he is a member, may have felt that it was a matter of importance. But the evidence of Mr. Orr-Lewis, the evidence of the various officials of the Militia Department, the evidence of Colonel Harston, the production of the account and correspondence by the Bank of Montreal from New York—these were matters of perfect indifference to the minister.

He could not remember the matters that were within his knowledge.

He could not and did not inform himself with reference to the matters that it was his duty to understand.

He declined to say who the member of the Vickers firm was with whom he had had his first communication, in his supreme ignorance of the fact that the connection of Sir Trevor Dawson with the whole matter had been disclosed in evidence.

He swore that he had never heard of his connection with the Lewis account in New York.

He swore that he had never taken the trouble as Minister of Militia to inform himself as to what was going on before your Lordship's commission—"had not read one line of it."

He swore that he had not looked into the letters between the bank in New York and Lewis, "never read a line of it and don't intend to," not a line as to the account that had been put in evidence before you, sir, showing the dealings of Lewis and his friend Allison.

He swore that he did not want to be informed on the subject—did not consider it part of his duty as minister to inform himself "on any such piffle as that"—"it was too insignificant for him."

He swore that he had never heard that Sir Trevor Dawson was one of those to deposit in London money at \$25 per thousand rounds for this ammunition, which only realized the Dominion Government \$20 per thousand rounds—"knew nothing about it—never heard of it—had not taken the trouble to inform himself and did not intend to" (page 252).

He swore that for certain statements he made he had no authority except Allison's word which he courteously suggested to Your Lordship he would accept where he would not accept the oath of counsel.

He swore that they were "getting rid of a lot of rotten ammunition at a fair price."

He confirmed his previous evidence that he had heard that the Vickers firm, "thinking they were charged the freight and other costs which they had estimated themselves at about £1 sterling but finding that the Admiralty was paying these costs, they had removed the addition at once.

He swore that he got this information from a member of the Vickers firm, "the same gentleman as I have spoken of formerly." This man is definitely identified as Sir Trevor Dawson.

He swore (page 258), "I heard of the \$25 racket before I left Canada. I never gave a snap of my fingers for it. We sold that ammunition for \$20 a thousand, and I did not care what they got for it. We sold it to the 'Vickers firm.'"

He swore that as to this ammunition having reached the Admiralty—"it was none of my business, and I do not care what the Admiralty paid for it."

In reply to a question as to the amount of ammunition for which he asked an Order in Council, he had no recollection. But it being suggested that it was a matter of public importance (referring to the Order in Council for which he applied and which was never signed) his answer was (pages 264 and 265): "I don't give a snap whether it is of public importance or not. I signed an Order in Council for this as a matter of form, and I did not figure whether it was two millions or three millions or five millions. I did not read the Order in Council

Mr. DEWART: "But there was an Order in Council."

Sir SAM HUGHES: I have some much more important matters than little piffing things like that to inquire into."

But he would not undertake to produce the alleged application from Vickers Limited to which he referred in his application, or even a copy of it.

When asked whether he had gone into the matter or whether he should not investigate the fact that there was a rake-off of \$5 per thousand or not—he replied that he did not intend going into the evidence.

These are but samples answers taken almost at random from the testimony to illustrate my contention that the Minister of Militia would not inform himself upon the evidence and was prepared to defy the Parliament and the people of Canada.

Whatever excuse may have existed for an earlier confidence in Allison, which I by no means admit, the conclusive evidence against Allison brought out before Your Lordship the whole conduct of the Dawson-Lewis-Allison triumvirate as disclosed in this comparatively small but infinitely important matter of principle, made it the bounden duty of the Minister of Militia to fully inform himself and to sever the connection with Allison or at least disavow the transactions, in which the trail of dishonest dealing had been brought direct to Allison's door.

The Minister of Militia appears to have lost his head in his intense desire to justify Allison and all his works—to shut his eyes to cogent testimony and to use coarse language of everyone, be he counsel, Auditor General or even higher dignitary who crosses his imperious path. What reliance can be placed upon the statement of a man who, instead of saying that he applied for an Order in Council has such a deranged mental equipment that he testifies (page 264): “I signed an Order in Council for this as matter of form”—“I did not read the Order in Council.” Comment is unnecessary when Your Lordship reflects upon the fact that this is the Order in Council which never did issue and never will issue.

I must press upon Your Lordship’s consideration as one of the matters upon which Your Lordship should make a finding, in addition to the main question of fact the question of the competence and official fitness of this Minister of the Crown, who in the face of such damning evidence still insists upon bolstering up his discredited friend, Allison.

I have to thank Your Lordship for the courtesy and consideration you have shown to counsel, particularly in allowing written argument, and for the adjournments that you have granted, resulting in the production of most material and illuminating evidence. I have also to thank my friend, Mr. Hutcheson, for the fair way in which he conducted a difficult inquiry, and my friend Mr. Jacobs for his able co-operation at Quebec, in this inquiry which has, I submit, more than justified the suggestions of the Auditor General and the insistence of the Liberal party that the light must be let in.

H. HARTLEY DEWART,

of Counsel for the Liberal party.

TORONTO, June 27, 1916.

Memorandum by R. C. Smith, K. C.:

Memorandum respectfully submitted to the Honourable Commissioner by Canadian Vickers Limited:—

It is respectfully submitted that no argument is necessary to establish that neither Canadian Vickers Limited nor Vickers Limited of London, England were interested in any manner whatsoever in the purchase of small arms ammunition from the Dominion Government or in the re-sale thereof. Neither of these companies was interested, or participated in any manner whatsoever in any of these transactions. It is, of course, easily understood that the Minister of Militia and other members of the Canadian Government assumed that the sale had been made to Vickers inasmuch as a shipment was made to C. A. Searles, Vickers House, London, and the purchase was made on behalf of the British Admiralty by one of the directors of Vickers Limited.

The names of two of the directors of Canadian Vickers Limited have been mentioned in connection with the transaction. Sir Trevor Dawson was requested by the British Admiralty to act for it in making certain purchases of munitions of war, and he was instrumental in the purchase of .303 Mark 6 ammunition in question in this investigation (p. 93, l. 1.) Acting for the Admiralty, Sir Trevor caused a trust account to be opened with the Bank of Montreal in New York in the name of F. Orr Lewis. Not one word of evidence was made to the effect that Sir Trevor Dawson had any personal interest, direct or indirect, in the transactions. There is, on the other hand, positive evidence that no one made any profit on the transactions. There is clear evidence that in all that he did Sir Trevor Dawson acted on behalf of the Admiralty as its agent, and there is the final and conclusive official statement of the Admiralty that these particular purchases were carried out in accordance with the

instructions of the Admiralty, that the transactions were not closed, and that the trust account opened on behalf of the Admiralty would be accounted for in full to it at the final adjustment.

It is respectfully submitted that the position of F. Orr Lewis is equally clear. During the taking of the evidence some observations were made upon the apparent discrepancy between Mr. Orr Lewis's evidence and his letter of January 12, 1916 (p. 191) to the manager of the Bank of Montreal in New York, and also the first despatch sent by the Colonial Secretary to His Royal Highness the Governor General on June 3 (p. 206) stating that the price was \$25 per thousand f.o.b. and that the Admiralty paid all charges for insurance and carriage. It is evident that the figure of \$25 per thousand had been assumed by the Admiralty for some purpose. It was unnecessary for Mr. Dewart to make so many calculations as he has done to establish this. Mr. Dewart contends that this figure represents the finally agreed-upon price to the Admiralty. This is not borne out by evidence, and is conclusively contradicted by the official Admiralty despatches. Mr. Orr Lewis had allowed his name to be used as trustee of this special account in the Bank of Montreal in New York, and he had also allowed his name to be used freely with regard to all transactions that were under the direction and control of the Admiralty's representative. Having been one of the victims of the *Lusitania* disaster, he has told us frankly that his memory with regard to certain things is not perfect. At the foot of page 93 and the top of page 94 of his evidence he states he had nothing whatever to do with the fixing of the price, and that he had no knowledge by whom or how the price was fixed. He had never been spoken to about it by Colonel Allison. If letters or telegrams were written he no doubt saw them, but he did not remember (p. 96). In his evidence on page 97 he does not swear that the deposits in the special account were made in each case "of a round sum." He simply assumes they were made at a certain rate, or on some principle. He states that in all transactions of this kind, when a purchase is made, a round sum of money is deposited and the amount is afterwards credited or debited as the case may be, and he adds: "This transaction evidently was deposited on the basis of about seventy-five thousand, or seventy thousand odd." Then he was asked: "A round sum?" and he said, "Yes," that is, that the money was evidently deposited on some principle, then he adds, in the next question: "It would be arrived at in this way, I presume." When asked by Sir Charles Davidson: "Can you state at what round sum per thousand the deposit was based on?" he answered, "I do not know it was based on any."

The letter of January 12, 1916, which bears his signature, may or may not have been written by him, for he has told us that things were bought and paid for without his knowing anything about it (p. 109). He repeatedly stated in his evidence that the trust account had not been closed, and on page 95 he says the only transaction that was completed was the payment to the Canadian Government. It is quite evident that the despatch of the Colonial Secretary of June 3, stating that the price was \$25, was based upon an incomplete reply to an inquiry made to the Admiralty. The answer evidently ought to have been: "Twenty-five dollars and charges subject to adjustment." If this were not so the British Admiralty would never have followed up the reply by the more detailed answer contained in the later despatch. This despatch is clear and unequivocal, and is absolutely conclusive in its terms. It was as follows: "With reference to my telegram of June 3, following further message from the Admiralty: 'The ammunition forming the subject of an official inquiry under Sir Charles Davidson has been fully received by the Admiralty and has been found entirely satisfactory. The manner in which the purchase and payment were carried out for the ammunition, boxes, etc., is in accordance with instructions that were issued to the Admiralty's representative. The special account opened with the Bank of Montreal at New York is not yet closed, there being a balance on deposit which will be accounted for to the Admiralty.'"

It would be absolutely idle, if indeed it would not indicate a lack of proper respect for the Honourable Commissioner, for any one to argue that the meaning of this despatch is that the special account remains open with regard to other matters. The subject matter of the inquiry was the .303 ammunition in question, and nothing else, and the reply concerns this and nothing else. The Admiralty is thoroughly aware of the fact that the special account in trust for it has been opened, which in itself excludes the idea of any one appropriating any of the trust funds. The Admiralty states in terms that the purchase and payment for the ammunition, boxes, etc., are in accordance with its own instructions, and its deposits with regard to this particular ammunition will be accounted for to it. This excludes absolutely the idea that the transactions were closed at a fixed price, as Mr. Dewart argues from Mr. Orr-Lewis' letter.

Upon the whole, it is respectfully submitted that, as clearly stated in the Admiralty despatch, the two directors of Canadian Vickers Limited acted and are acting in strict accordance with their instructions.

R. C. SMITH,

Attorney for Canadian Vickers, Limited.

Argument of George F. Henderson, K.C.

The Royal Commission appointed to inquire into and investigate the facts and circumstances of, or connected with, the sale, or disposal, by the Government of Small Arms Ammunition since the fourth of August, 1914, referred to in returns made to the House of Commons on the first and second days of May, 1916.

To the Honourable Sir CHARLES DAVIDSON, Knight.

Commissioner.

The following memorandum is submitted by way of argument on behalf of Colonel J. Wesley Allison, one of the parties connected with the sale of certain small arms ammunition by the Government which is the subject of investigation:—

Some time prior to the outbreak of the war, there was under the control of the Department of Militia and Defence belonging to the Government of Canada a considerable quantity of small arms ammunition which had been passed upon by a board of examiners, part of it being condemned and the other part "under suspicion." It had been the intention that the condemned ammunition should be destroyed, but before any portion of it had been destroyed, the war commenced, and under the circumstances which then arose, all munitions of war had value.

At that time, Colonel J. Westley Allison was a broker, carrying on business as such, with headquarters in New York. It had been intended by the Minister of Militia that Colonel Allison should be one of the heads of a war purchasing commission on behalf of the Imperial authorities (evidence, page 276), and in this connection as well as in connection with his general business, he was in touch with the munitions situation throughout this part of the country. Shortly after the war broke out, Sir Trevor Dawson, who is practically the head of Vickers Limited, came to this country entrusted by the War Office and the Admiralty with the responsibility of procuring for them certain munitions of war.

He learned of the existence of the defective ammunition in Canada. In using the word "defective" it must be remembered that the defect was a question of size of gauging, the ammunition being suited for the old style Ross rifle but not for the later type, although it is a fact, as explained by Colonel Harston, that it was better suited for use by the Ross rifle than by any other type of rifle, inasmuch as the Ross rifle has a sliding attachment which obviates the effect of blow-back.

Sir Trevor enlisted the services of Colonel Allison to purchase the ammunition from Canada. For obvious reasons, he did not explain to Colonel Allison that he was acting for the Admiralty, and Colonel Allison naturally assumed that he was acting for his own concern, Vickers Limited. In his letter of order, however, he speaks of it as a sale to Sir Trevor Dawson, and the Quartermaster-General and Colonel Macdonald, knowing Sir Trevor Dawson's position with Vickers Limited, very naturally assumed that the ammunition was being sold to Vickers Limited, and all the departmental records are based upon that assumption. In point of fact, however, the evidence of Mr. Orr Lewis made it abundantly plain that Sir Trevor Dawson was acting on behalf of the Admiralty and not on behalf of Vickers Limited, and that the sale was in substance a sale by the Militia Department of the Government directly to the Admiralty. The purchase price was \$20 per 1,000 rounds f.o.b. Ottawa, and, as a matter of book-keeping, provision was made for payment up to \$25 per 1,000 rounds, the difference of \$5 being to cover freight charges, boxing, and incidental expenses. In point of fact, the freight charges, boxing and incidental expenses were paid at the other end, and in the result, the balance of approximately \$5 per 1,000 remains to be accounted for, the actual cash still remaining in the Bank of Montreal to the credit of Mr. Orr Lewis, in whose name an account had been opened for the purpose of putting through this and other transactions. Payments were made on shipping bills verified by Colonel Allison, who looked after the earlier part of the delivery as well as the original purchase.

The only question which concerns Colonel Allison is as to whether or not he himself made any profit out of the transaction. As to this, the evidence shows very clearly that he did not make any such profit. He was closely examined as to this by Captain Thompson, K.C., during the early stage of the investigation, and later by Mr. Hutcheson, K.C., and Mr. Dewart, K.C. He states positively that this work was done gratuitously, and that a sum paid him for commission by Mr. Orr Lewis had no connection with this transaction. Mr. Orr Lewis says the same, and the evidence is uncontradicted that the only connection that Colonel Allison had with the transaction was to carry out the instructions of Sir Trevor Dawson, who in turn acted on behalf of the Admiralty. The latest telegram from Mr. Bonar Law shows that this was done to the entire satisfaction of the Admiralty, and it is submitted that the report of the Honourable the Commissioner should so find.

Dated at Ottawa this twenty-ninth day of June, A.D. 1916.

GEO. F. HENDERSON,

Of Counsel for J. W. Allison.

The Commission adjourned.

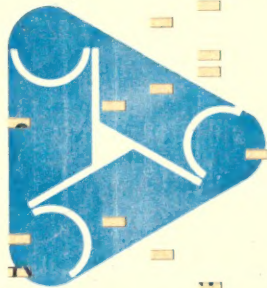
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